
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014



Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

GENERAL INFORMATION

Members of the Executive Committee:

Councillor T M H Motokeng	Chairperson
Councillor M.A. Noosi	MMC for community services
Councillor T J Seekane	MMC for public works and rural development
Councillor P P Mokoena	MMC for corporate services
Councillor A L Rakhothule - Mkwanazi	MMC for human settlement
Councillor C C Harrington	MMC for local economic development and tourism
Councillor M J Tshabalala	MMC for finance
Councillor T.J Tseki	MMC for IDP, performance management and monitoring
Councillor T J Tshabalala	MMC for women, children, disability and vulnerable groups

Grade of Local Authority:

Grade 8

Auditor:

Auditor-General South Africa

Bankers:

ABSA Bank

Branch 502-233

Account number

4052898966

Registered Office:

Civic centre

PO Box 551

Telephone:

058-303 5732

Muller street

Bethlehem

Fax:

058-303 5076

Bethlehem

9700

E-mail address:

info@dihlabeng.co.za

Municipal Manager:

Mr Thabiso Tsoaeli (Resigned 30 April 2014)

Chief Financial Officer:

Mr Raymond Provis

Members of the Dihlabeng Local Municipality

Ward No: Councillor

1	Mrs M.A. Mokoena
2	Mr S Msimanga
3	Mr N.N. Nzimande
4	Mr P.P. Mokoena
5	Mr M.D. Shabalala
6	Mr M.J. Tshabalala
7	Ms T.M. Motokeng
8	Mr T.M.H. Motokeng
9	R.P. Motokeng
10	Mr G.J. Roetz
11	Mr T.A. Masoeu
12	Mr J.M. Radebe
13	Mr T.J. Seekane
14	Mr T.J. Tseki
15	Ms M.E. Sempé
16	Mrs S.M. Jacobs
17	Mrs A.L. Rakhothule - Mkhwanazi
18	Mr J.F. Bonthuys
19	Mr M. St V. Motokeng
20	Ms M.R. Mokoena

Public Representatives Councillors

Ms M.A. Noosi	Mr L.A. Mhlambi
Mrs H.E. Mokoena	Mr M.J. Mokoena
Ms L.U. Makhalema	Mr B.D.L. Venter
Mr P.D. Lengobala	Mr P.T. Ramaele
Mrs T.J. Tshabalala	Mrs M. Prior
Mr L.J. Lemako	Mr P.A. Maasdorp
Mr J.J.H. Pienaar	Mr T.V. Motokeng

Mr C. C. Harrington
Mr P. H. J. Olivier
Ms M. K. Mofokeng
Mr D. Stevens

Executive Mayor:

Councillor TMH Mofokeng

Speaker:

Councillor P. D. Lengobabala

Council WIP:

Councillor L. U. Makhalama

Members of the Audit Committee:

Mr G. Mahlatsi (Chairperson)

Mr T. Kometsi

Mr D. Mofokeng

Mr R. Luvhengo

Mr E. Siwakwi

Nature of the entity

The municipality is established in terms of Chapter 7 of the Constitution of the Republic of South Africa.

Relevant legislation

Constitution of the Republic of South Africa

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act (Act No 5 of 2012)

The Income Tax Act (Act No 28 of 1997)

Value Added Tax Act (Act No 89 of 1991)

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

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Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Disaster Management Act (Act no 57 of 2002)

Municipal Electoral Act (Act no 27 of 2000)

Municipal Demarcation Act (Act no 27 of 1998)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

APPROVAL OF FINANCIAL STATEMENTS:

I am responsible for the preparation of these annual financial statements, which are set out on pages 17 to 85 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in Note 26 and 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Acting Municipal Manager (Accounting Officer)

Busa Molatsele

Chief Financial Officer

Raymond Provis

ACCOUNTING OFFICER'S REPORT

1. INTRODUCTION

The 2013/14 financial year posed many challenges and obstacles which had to be addressed and accommodated by the limited financial and other resources. The budget and the IDP are aligned with the vision and imperatives of national government, which are to address service delivery backlogs and the following strategic areas, were focussed on during the 2013/14 budget:

- The eradication of backlogs and investment in infrastructure for basic services and growth
- Economic growth and development that is shared and creates sustainable jobs
- Building safer, more secure and more sustainable communities
- The deepening of democracy
- Financial viability and management of resources
- A caring and effective government
- Institutional capacity and transformation

To budget for improved service delivery and then subsequently realising operational efficiency while it is also ensured that the deliverables are attained in a sustainable manner, has been a huge challenge during the 2013/14 financial year. The challenge of addressing unlimited needs within the constraints of limited resources has necessitated a change in the way we do business to ensure that we stretch our resources to the maximum.

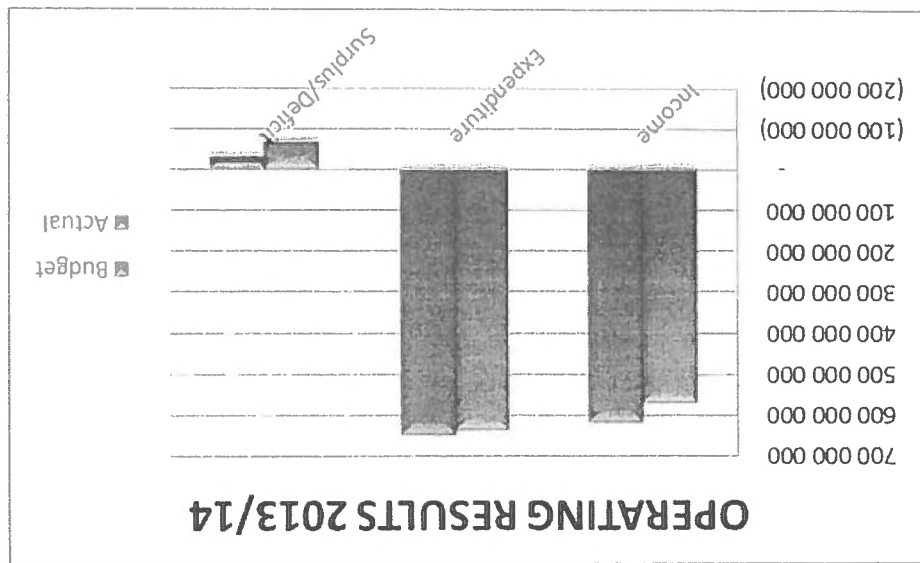
2.

REVIEW OF OPERATING RESULTS

The 2013/14 budget of Dihlabeng was approved by Council in May 2013.

2.1 General

Details of the 2013/14 operating results and classification of revenue and expenditure are included in the Statement of Financial Performance. A graphical presentation of the operating results is shown in the graph below:
The overall operating results for the year ending 30 June 2104 are as follows:



Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Description	Original Budget 2014	Adjusted Budget 2014	Actual 2014	Variance Actual/Adjusted Budget	%	Actual 2013
REVENUE	Operating revenue for the year	555 343	570 375	618 804	8.49%	606 730
		555 343	570 375	618 804		606 730
EXPENDITURE	Operating expenditure for the year	536 893	637 956	648 079	1.59%	595 231
	Fair value adjustment	-	-	(1 774)		44
	Gain on disposal of assets	-	-	(4 269)		(865)
	Accumulated surplus / (deficit)	18 450	-67 581	(18 368)		12 321
		555 343	570 375	623 668		606 730

The actual net expenditure of the Municipality reflects an increase of 8,9% while the actual revenue of the Municipality has increased by 2,0% since 2012/13.

The largest increase on revenue occurred on service charges (11%), interest (17%) and property rates (15%).

The largest increase on expenditure occurred on finance costs (37%), repairs and maintenance (30%) and debt impairment (17%).

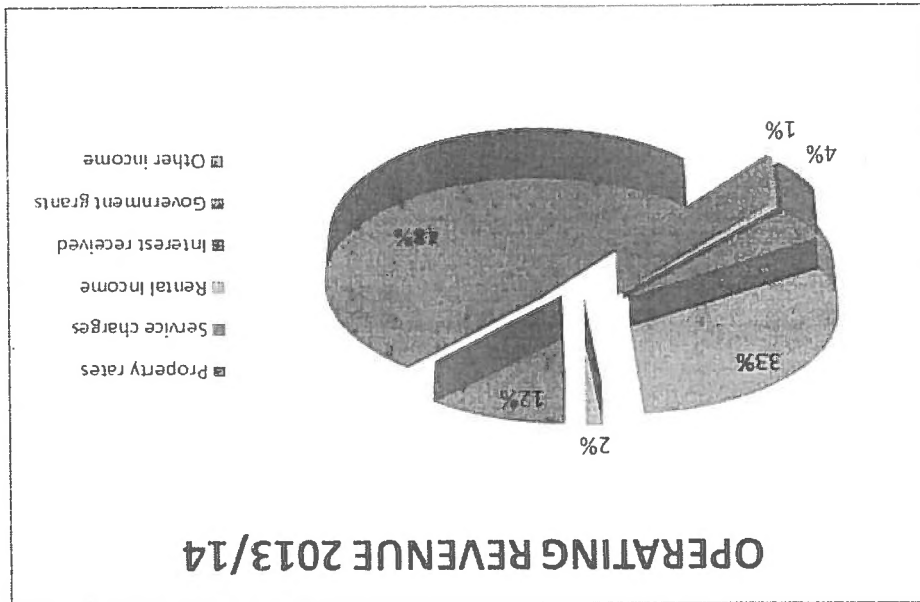
Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

2.2

Operating Revenue

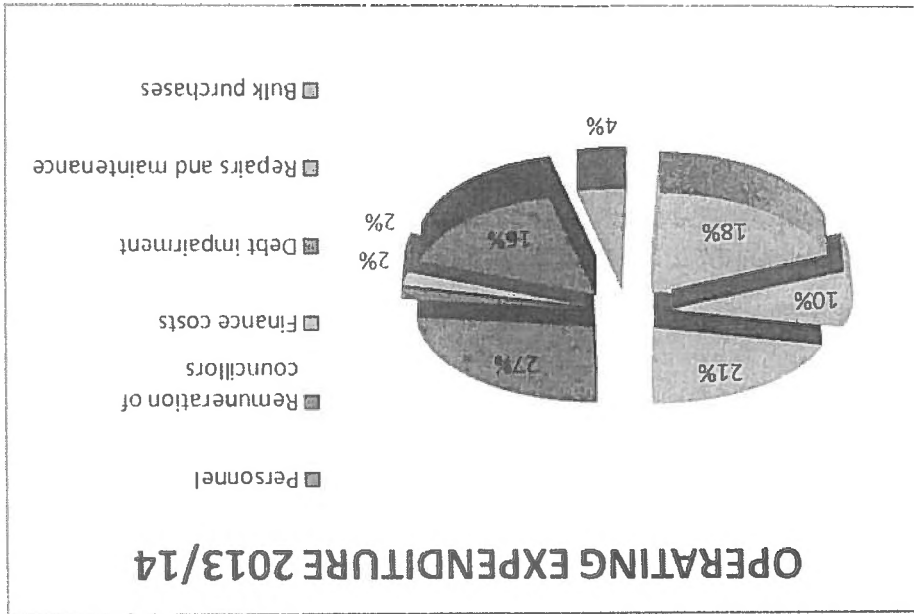
The following graph indicates a breakdown of the largest categories of revenue.



2.3

Operating expenditure

The graph below indicates the break down per main expenditure group.

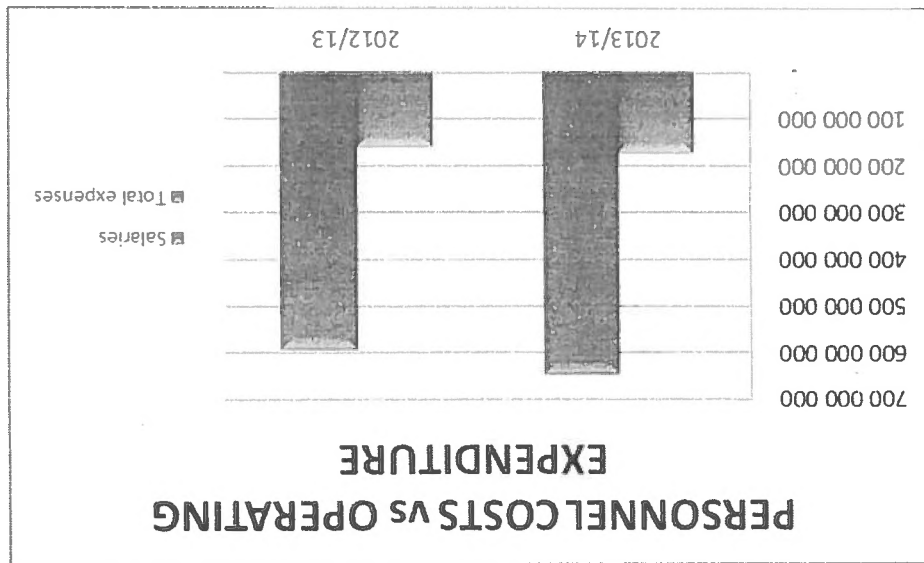


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Remuneration

The actual expenditure on remuneration expressed as a percentage of the total expenditure shows a decrease from 26,82% in 2012/13 to 26,68% in 2013/14. The major cause of this decrease was the increase in the operating expenditure of R 53 million. These figures have a large impact on the going concern capabilities of the municipality. The total remuneration cost and the allocation of individual items in a remuneration package differ from municipality to municipality for example; certain municipalities are more contract intensive whilst others might be more labour intensive. The target for remuneration as a percentage of expenditure is 30%.

Description	2013/14	2012/13
Total operating expenditure	648 079	595 231
Total operating revenue	618 804	606 730
Employee remuneration	172 904	159 638
Ratio: % of total expenditure	26,68%	26,82%
Ratio: % of total revenue	27,94%	26,31%
% increase in remuneration	8,31%	11,77%

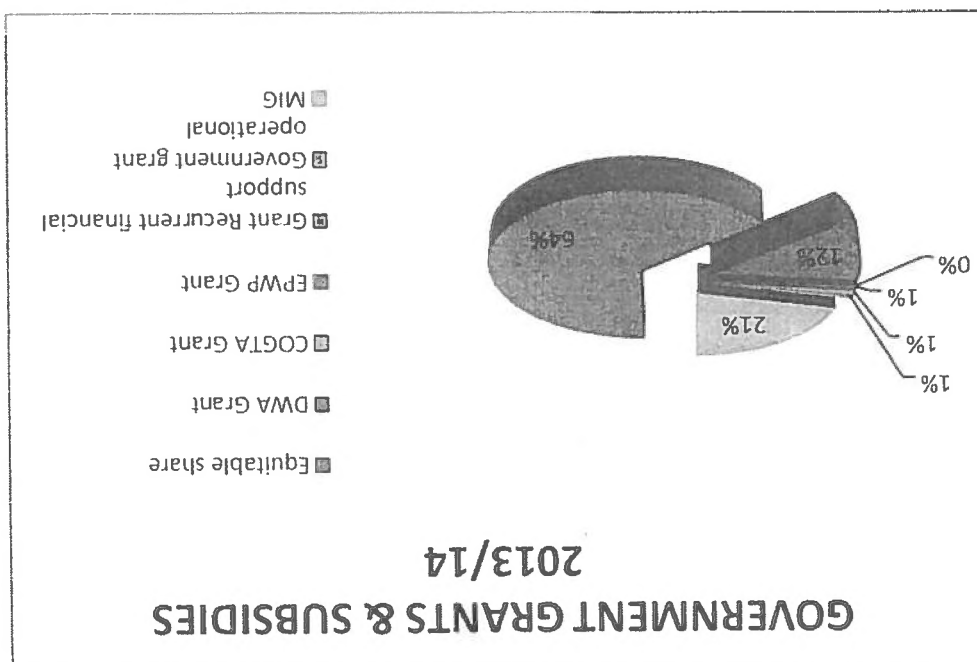


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2.4 Government grants and subsidies

The following table and graph show the amounts received in terms of grants, contributions and subsidies from the Central Government and the Free State Provincial Government, which have been included in the total revenue:

Description	2013/14	2012/13
Equitable share	129 734 000	129 367 000
DWA Grant	24 576 592	38 294 476
COGTA Grant	0	1 286 362
Grant national road subsidy	1 000 000	1 000 000
Grant Recurrent financial support	2 440 000	2 300 000
Government Grant Operational	1 160 478	338 764
MIG	43 200 039	51 733 000
	202 111 109	224 319 602



Dihlabeng Local Municipality

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2.4 Operating statement analysis

The following difference occurred with regards to the operating results for the 2013/14 financial year. Please refer to pages 18 to 22 of the financial statements.

	Virements (i.t.o Final council approved policy)	Final budget	Actual outcomes	Unauthorised expenditure	Variances	Actual outcome as % of final budget	Reasons for variances
Property rates	-	78 444	76 760	-	-1 684	98%	within 10%
Services charges	-	307 704	299 632	-	-8 072	97%	within 10%
Investment revenue	-	25 085	27 014	-	1 929	108%	within 10%
Transfers recognised - operational	-	134 312	134 334	-	23	100%	within 10%
Other own revenue	-	24 830	13 624	-	-11 206	55%	VAT on MIG incorrectly recognised as revenue
Total Inc (Excl capital transfers and contributions)	-	570 375	551 366	-	-19 009	97%	
Employees cost	-	165 418	172 904	7 486	7 486	105%	within 10%
Remuneration of councillors	-	12 280	12 872	592	592	105%	within 10%
Debt impairment	-	101 100	101 083	-	-17	100%	within 10%
Depreciation and asset impairment	-	70 369	66 083	-	-4 285	94%	within 10%
Finance charges	-	4 734	14 802	10 068	10 068	313%	Due to cash-flow problems payments could not be made as required to Eskom and DBSA
Materials and bulk purchases	-	124 059	115 411	-	-8 648	93%	within 10%
Transfers and grants	-	14 452	8 443	-	-6 009	58%	Less than expected people applied for the grants
Other expenditure	-	145 545	156 482	10 937	10 937	108%	within 10%
TOTAL EXP	-	637 956	648 079	29 083	10 123	102%	

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Annual Financial Statements for the year ended 30 June 2014

3. DEBTORS

The following is an indication of the effectiveness of credit control measures, as well as the ability to convert debtors into cash:

Description	2013/14	2012/13
Service charges: Consumer debtors	407 462 059	364 597 705
Balance on 1 July	406 636 108	372 707 188
Balance on 30 June	474 746 688	406 636 108
Average balance	440 691 398	389 671 648
Days in the financial year	365	365
Turnover: Number of days	395	390
Turnover: Number of times (charges/average balance)	0.92	0.94

From the table it is clear that, the number of days to recover debt increased from 390 to 395 days since 2012/13. This high turnover has serious implications on the cash flow of the Municipality. A collection rate calculated on the total levies for a period compared to the total payments received during the same period is used to measure revenue recovery. The credit control by-law and the actions taken in terms of the by-law started producing better results. Measures have been put in place to recover the debts and the legal actions taken are starting to have an impact on the poor payment culture within our municipality. The increase in debtors has a serious impact on the going concern of the municipality.

CAPITAL EXPENDITURE AND FINANCING

The Municipality's original approved Capital Expenditure Budget for 2013/14 amounted to R 91,6 million and was accepted by National Treasury. Of these funds the MIG funding of R 43,2 million was spent in the 2013/14 financial year and R 24,6 million was spent from DWA funding.

Conclusion:

When comparing the actual expenditure to the budgeted expenditure the financing source of capital projects plays an important role. The funding from own sources can largely influence the following aspects:

- The raising of loans
- The cash flow of the Municipality

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

5. ACCOUNTING RATIOS

5.1 Current asset ratio

This ratio mainly involves the financial resources used in the operating cycle of a local authority. Operating capital represents the surplus of current assets over current liabilities. This is a useful indicator when determining the ability to fund operating expenditure. This ratio measures the extent to which the current liabilities are covered by the current assets. A larger coverage means a lower risk since short-term debt can be paid out of short-term assets. The following table shows the calculation of the operating capital ratio:

DESCRIPTION	2013/14	2012/13
CURRENT ASSETS:		
Cash	143 266	130 566
Inventory	1 155 343	1 393 715
Consumer Debtors	62 219 926	58 019 738
Receivables from exchange transactions	17 375 465	11 669 892
Other financial assets	892 353	841 473
Other receivables from exchange transactions	10 490 423	5 868 294
TOTAL	92 276 776	77 923 678
CURRENT LIABILITIES:		
Creditors	192 029 210	169 234 320
Unspent conditional grants and receipts	9 779 660	7 173 047
Other financial liabilities	18 859 689	8 066 746
Taxes and transfers payable	14 810 353	4 404 829
Consumer deposits	3 715 810	3 774 277
Overdrawn cash book balance	11 311 438	2 375 252
TOTAL	250 506 160	195 028 471
Net Operating Capital	(158 229 384)	(117 104 793)
Current asset Ratio	0,37 : 1	0,40 : 1

The ratio deteriorated since 2012/13. This is due to the fact that the current liabilities increased with 28% whilst the current assets only increased with 18%. The small increase in current assets can mainly be ascribed to the large provisions that had to be made towards debt impairment of R 101 million, this despite the fact that the municipality wrote off indigent debt of R 37 million amounting the total debt that could not be recovered to R 138 million, which equates to R 11,5 million per month, more than our bulk electricity purchases per month. The increase in current liabilities mainly lies with the increase in the creditors' balance, which is a direct impact of the non-payment of consumer services. The municipality has prioritised this fact of its business to ensure the sustainability of the municipality.

The private sector sets a ratio of 2:1 as being acceptable, however a norm for local government is currently not available.

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

5.2

Quick asset ratio (Acid test)

This ratio is a more accurate test of a local authority's ability to settle its short-term debt. When calculating this ratio, only assets that can be converted into cash are taken into account. Since material and stock are for the local authority's own use and are not for sale, they are not included in the calculations. The private sector sets a ratio of 1:1 as being acceptable. The figures that follow reflect the Municipality's quick asset ratio for the following years:

DESCRIPTION	2013/14	2012/13
Current assets	92 276 776	77 923 678
Less: Inventory	1 155 343	1 393 715
Total	91 121 433	76 529 963
Current liabilities	250 506 160	195 028 471
Quick asset ratio	0,36 : 1	0,39 : 1

The ratio deteriorated due to an increase in the current liabilities and the decrease in the current assets, serious attention will be required to increase the ratio even further in this area to ensure the going concern of the municipality.

5.3

Solvability

In this ratio, the total assets are compared to the total liabilities, and it shows the ability of the Municipality to meet its obligations in the long term. A ratio of less than one is an indication of insolvency. The following table shows the calculation of the solvency ratio:

DESCRIPTION	2013/14	2012/13
TOTAL ASSETS:		
Current assets	92 276 776	77 923 678
Non-current assets	1 930 145 253	1 912 869 939
Total	2 022 422 029	1 990 793 617
TOTAL LIABILITIES:		
Current liabilities	250 506 160	195 028 471
Plus: Long-term loans	30 565 887	36 849 522
Non-current provisions	3 215 748	2 312 940
Total	284 287 795	234 190 933
Solvability Ratio	7,11 : 1	8,50 : 1

The total assets of the Municipality increased with 1,59% while the total liabilities increased with 21% resulting in a decrease in the solvability ratio as stated above. Non-current assets increased with 0,9% while external loans decreased with 17%.

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

5.4

Total debt to total revenue ratio

According to credit rating companies, the benchmark for local government is a ratio of less than 50%. The ratio increased from 7,79% to 9,82% since 2012/13. This increase can be ascribed to the fact that the total debt increased with 28% in relation to the increase of 2% in total revenue.

DESCRIPTION		
Total debt	60 737 014	47 291 520
Total revenue	618 803 648	606 730 372
Ratio	9.82%	7.79%

5.5

Cashbook balance plus short-term loans to total operating revenue

DESCRIPTION		
Cash book overdraft plus short term portion of long-term loans	30 171 127	10 441 998
Total revenue	618 803 648	606 730 372
Ratio	4.88%	1.72%

5.6

Cash to interest coverage

According to credit rating companies, the benchmark is a ratio of less than 5%. The ratio increased due to a negative cash book balance at the end of the financial year.

This ratio indicates to what extent a local authority can generate sufficient cash from its normal activities to cover its external interest liabilities. If the ratio is less than 1:1, it may indicate future cash flow problems. The ratio for the past two financial years is as follows:

DESCRIPTION		
Cash generated from operations (Nett cash flow)	497 357 197	508 536 615
Interest paid on external loans	14 802 371	10 780 612
Ratio	33,60 : 1	47,17 : 1

5.7

Net debtors to total annual operating revenue

The ratio shows a decrease as the interest paid on external loans increased with 37% and the cash generated from operations showed a decrease of 2% since 2012/13.

DESCRIPTIONS		
Annual operating revenue	618 803 648	606 730 372
Debtors (excluding provision for bad debt)	25 169 860	19 433 831
Percentage	4.07%	3.20%

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

This ratio had an increase of 0.86%. This is a clear indication that the debt collection process of the municipality has been improved but however still needs to be improved even more.

6. CHALLENGES EXPERIENCED DURING 2013/14

6.1 GOING CONCERN ISSUES

The going concern of the municipality remains an issue that management needs to address; the following areas are of concern:

- The government subsidies equate to 33% of our income. The situation showed a decrease as the 2012/13 financial year the percentage was 37%. This means that there was a lesser reliance by the municipality on government grants. However the decrease was largely due a decrease in the DWA.
- With reference to 5.2 (Quick asset ratio), the ratio of 0.36 : 1 is still a poor given the norm of 1 : 1. The recoverability of our debtors still remains a problem hence the large provision for doubtful debts.
- Our overdrawn cash book balance plus short portion of long-term debt to operating revenue ratio (section 5.5 above) shows and increase from 1.72% (2012/13) to 4.88% (2013/14).
- Although the personnel costs are within the norm of 30%. The ratio is still too high due to the impairment of debt and the municipality should make all possible efforts to reduce it to at least 30% excluding impairment of debt in the next financial year to ensure that the municipality is able to meet all its financial obligations. (Refer to 2.3 for more detail)

6.2

IMPLEMENTATION OF ACCOUNTING STANDARDS

The Municipality had to comply with the accounting framework as set out in paragraph 1 of the Accounting policies as contained in the Annual Financial Statements of 2013/14. This accounting framework was determined in Directive 5 issued by the Accounting Standards Board on 31 March 2009.

7.

APPRECIATION

I am grateful to the Executive Mayor, Members of the Mayoral Committee, Councillors, previous Councillors, Office of the Municipal Manager, Directors, Managers, especially the Acting Financial Manager, the newly appointed Asset Manager and their teams for putting in long hours and the staff for the support they have given me and my personnel during the 2013/14 financial year. A special word of appreciation to everybody for the months of hard work, sacrifices and concentrated efforts during the financial year to enable my office to finalise and submit the annual financial statements within the prescribed period of 2 months after year end (i.e. 31 August).

BUSA MOLATSELI
ACTING MUNICIPAL MANAGER

Dihlabeng Local Municipality

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Abbreviations

INCA	Infrastructure Finance Corporation Limited
PRMA	Post Retirement Medical Aid
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
SARS	South African Revenue Service
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
CFO	Chief Financial Officer
MSA	Municipal Systems Act
VAT	Value Added Tax

Accounting Officer
Designation

The annual financial statements set out on pages 5 to 71, which have been prepared on the going concern basis, were approved by the accounting officer on 01 March 1900 and were signed on its behalf by:

Dihlabeng Local Municipality
Accounting Officer's Report

Annual Financial Statements for the year ended 30 June 2014

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Position as at 30 June 2014

Figures in Rand		Note(s)	2014	2013
Assets				
Current Assets				
Cash and cash equivalents	2		143 266	130 566
Consumer debtors	3		62 219 926	58 019 738
Inventories	4		1 155 343	1 393 715
Other financial assets	5		892 353	841 473
Other receivables from exchange transactions	6		17 375 465	11 669 892
Receivables from non-exchange transactions	7		10 490 423	5 868 294
			92 276 776	77 923 678
Non-Current Assets				
Intangible assets	8		103 620	43 935
Investment property	9		76 471 194	76 471 194
Other financial assets	5		404 089	315 343
Property, plant and equipment	10		1 853 166 350	1 836 039 467
			1 930 145 254	1 912 869 939
Non-Current Assets				
Current Assets			1 930 145 254	1 912 869 939
Non-current assets held for sale (and) (assets of disposal groups)			92 276 776	77 923 678
			2 022 422 030	1 990 793 617
Liabilities				
Current Liabilities				
Bank overdraft	2		11 311 438	2 375 252
Consumer deposits	12		3 715 810	3 774 277
Other financial liabilities	13		18 859 689	8 066 746
Payables from exchange transactions	14		192 029 210	169 234 320
Unspent conditional grants and receipts	15		9 779 660	7 173 047
VAT payable	16		14 810 353	4 404 829
			250 506 160	195 028 471
Non-Current Liabilities				
Long service awards	17		11 428 000	7 505 000
Other financial liabilities	13		30 565 887	36 849 522
Provisions	18		3 215 748	2 312 940
Retirement benefit obligation	19		23 352 000	27 375 000
			68 561 635	74 042 462
Non-Current Liabilities				
Current Liabilities			68 561 635	74 042 462
Liabilities of disposal groups			250 506 160	195 028 471
			319 067 795	269 070 933
Total Liabilities				
Assets			2 022 422 030	1 990 793 617
Liabilities			(319 067 795)	(269 070 933)
			1 703 354 235	1 721 722 684
Net Assets				
Net Assets				
Accumulated surplus			1 703 354 235	1 721 722 684

Statement of Financial Performance

Figures in Rand		Note(s)	2014	2013
Revenue				
Service charges	22	22	299 632 301	271 130 670
Rendering of services			1 284 823	1 543 677
Debtors written back			-	5 849 451
Rental of facilities and equipment			4 055 233	3 555 596
Interest received - accounts receivable			27 014 225	23 060 999
Licences and permits			200 544	86 343
Other income	24		3 007 382	3 122 519
Interest received - investment			10 706	11 095
Dividends received			5 860	5 460
Property rates	21		76 760 300	66 850 440
Government grants & subsidies	23		201 772 345	224 319 602
Fines			5 059 929	7 194 520
Total revenue			618 803 648	606 730 372
Expenditure				
Employee costs	26		(172 903 984)	(159 637 866)
Remuneration of councillors	27		(12 872 175)	(12 183 202)
Depreciation and amortisation	31		(66 083 265)	(70 368 715)
Finance costs	32		(14 802 371)	(10 780 612)
Debt impairment	28		(101 082 529)	(86 051 120)
Repairs and maintenance			(25 169 860)	(19 433 831)
Bulk purchases	36		(115 410 545)	(107 918 163)
Contracted services	35		(2 587 729)	(2 008 159)
Grants and subsidies paid			(8 442 645)	(9 138 285)
General expenses	25		(128 724 212)	(117 710 800)
Total expenditure			(648 079 315)	(595 230 753)
Total revenue			618 803 648	606 730 372
Total expenditure			(648 079 315)	(595 230 753)
Operating (deficit) surplus			(29 275 667)	11 499 619
Gain on disposal of assets and liabilities			4 268 890	864 825
Fair value adjustments	30		129 079	105 932
Actuarial gain			4 864 000	-
Fair value adjustment of game stock			1 645 250	(149 700)
Operating (deficit) surplus			(29 275 667)	11 499 619
Total expenditure			(648 079 315)	(595 230 753)
Total revenue			618 803 648	606 730 372
Operating (deficit) surplus			(29 275 667)	11 499 619
Total expenditure			(648 079 315)	(595 230 753)
Total revenue			618 803 648	606 730 372
Total expenditure			(648 079 315)	(595 230 753)
Operating (deficit) surplus			(29 275 667)	11 499 619
Total expenditure			(648 079 315)	(595 230 753)
Total revenue			618 803 648	606 730 372
Total expenditure			(648 079 315)	(595 230 753)
Operating (deficit) surplus			(29 275 667)	11 499 619
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Operating (deficit) surplus			(29 275 667)	11 499 619
Total expenditure			(648 079 3	

Dihlabeng Local Municipality
Annual Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

Figures in Rand		Note(s)
Total net assets	Accumulated surplus	
		Balance at 01 July 2012
1 709 402 008	1 709 402 008	Changes in net assets
		Deficit for the year
12 320 676	12 320 676	Total changes
		Balance at 01 July 2013
1 721 722 683	1 721 722 683	Changes in net assets
		Surplus for the year
		Total changes
		Balance at 30 June 2014
1 703 354 235	1 703 354 235	
		(18 368 448)
		(18 368 448)

Cash Flow Statement

Figures in Rand		Note(s)	2014	2013
Cash flows from operating activities				
Receipts				
Sale of goods and services	274 390 093		272 386 647	
Grants	195 936 313		213 072 414	
Interest income	27 024 931		23 072 094	
Dividends received	5 860		5 460	
	497 357 197		508 536 615	
Payments				
Employee costs	(185 776 159)		(171 821 068)	
Suppliers	(241 394 990)		(232 907 614)	
Finance costs	(14 802 371)		(10 780 612)	
	(441 973 520)		(415 509 294)	
Total receipts	497 357 197		508 536 615	
Total payments	(441 973 520)		(415 509 294)	
Net cash flows from operating activities	55 383 677	37	93 027 321	
Cash flows from investing activities				
Purchase of property, plant and equipment	(73 380 923)	10	(105 232 098)	
Proceeds from sale of property, plant and equipment	4 574 999	10	2 306 637	
Purchase of financial assets	159		128	
Net cash flows from investing activities	(68 816 471)		(102 936 428)	
Cash flows from financing activities				
Cash flows from financing activities	4 509 308		4 120 753	
Net cash flows from financing activities	4 509 308		4 120 753	
Net increase/(decrease) in cash and cash equivalents	(8 923 486)		(5 788 354)	
Cash and cash equivalents at the beginning of the year	(2 244 686)		3 543 668	
Cash and cash equivalents at the end of the year	(11 168 172)	2	(2 244 686)	

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance											
Property rates	-	78 443 911	78 443 911	-		78 443 911	76 760 300		(1 683 611)	98 %	DIV/0 %
Service charges	-	307 703 932	307 703 932	-		307 703 932	299 632 301		(8 071 631)	97 %	DIV/0 %
Investment revenue	-	25 085 106	25 085 106	-		25 085 106	16 566		(25 068 540)	- %	DIV/0 %
Transfers recognised - operational	-	132 174 000	132 174 000	-		132 174 000	133 995 714		1 821 714	101 %	DIV/0 %
Other own revenue	-	26 968 098	26 968 098	-		26 968 098	51 770 392		24 802 294	192 %	DIV/0 %
Total revenue (excluding capital transfers and contributions)	-	570 375 047	570 375 047	-		570 375 047	562 175 273		(8 199 774)	99 %	DIV/0 %
Employee costs	-	158 622 246	158 622 246	-		158 622 246	(172 903 984)		(331 526 230)	(109)%	DIV/0 %
Remuneration of councillors	-	18 251 007	18 251 007	-		18 251 007	(12 872 175)		(31 123 182)	(71)%	DIV/0 %
Debt impairment	-	98 274 457	98 274 457			98 274 457	(101 082 529)		(199 356 986)	(103)%	DIV/0 %
Depreciation and asset impairment	-	70 367 997	70 367 997			70 367 997	(66 083 265)		(136 451 262)	(94)%	DIV/0 %
Finance charges	-	4 733 954	4 733 954	-		4 733 954	(14 802 371)		(19 536 325)	(313)%	DIV/0 %
Materials and bulk purchases	-	124 058 665	124 058 665	-		124 058 665	(115 410 545)		(239 469 210)	(93)%	DIV/0 %
Transfers and grants	-	73 196 000	73 196 000	-		73 196 000	(8 442 645)		(81 638 645)	(12)%	DIV/0 %
Other expenditure	-	128 337 165	128 337 165	-		152 190 421	(156 722 838)		(308 913 259)	(103)%	DIV/0 %
Total expenditure	-	675 841 491	675 841 491	-	23 853 256	699 694 747	(648 320 352)		-(1 348 015 099)	(93)%	DIV/0 %
Total revenue (excluding capital transfers and contributions)	-	570 375 047	570 375 047	-	-	570 375 047	562 175 273		(8 199 774)	99 %	DIV/0 %
Total expenditure	-	675 841 491	675 841 491	-	23 853 256	699 694 747	(648 320 352)		-(1 348 015 099)	(93)%	DIV/0 %
Surplus/(Deficit)	-	1 246 216 538	1 246 216 538	-		1 270 069 794	(86 145 079)		(1 356 214 873)	(77)%	DIV/0 %

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Appropriation Statement

Figures in Rand											
	Original budget	Budget adjustments (i.t.o. s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	-	-	-	-	-	-	67 776 631	-	67 776 631	DIV/0 %	DIV/0 %
Surplus/(Deficit) Capital transfers and contributions	- 1 246 216 538	1 246 216 538	-	-	-	- 1 270 069 794	(86 145 079)	-	(1 356 214 873)	(7)%	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	- 1 246 216 538	1 246 216 538	-	-	-	1 270 069 794	(18 368 448)	-	(1 288 438 242)	(1)%	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	- 1 246 216 538	1 246 216 538	-	-	-	- 1 270 069 794	(18 368 448)	-	(1 288 438 242)	(1)%	DIV/0 %
Surplus/(Deficit) for the year	- 1 246 216 538	1 246 216 538	-	-	-	1 270 069 794	(18 368 448)	-	(1 288 438 242)	(1)%	DIV/0 %
Capital expenditure and funds sources	-	-	-	-	-	-	423 457 799	-	423 457 799	DIV/0 %	DIV/0 %
Total capital expenditure	-	-	-	-	-	-	423 457 799	-	423 457 799	DIV/0 %	DIV/0 %

Dinlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Appropriation Statement

Figures in Rand											
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Viement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	-	808 604 131	808 604 131	-	-	808 604 131	55 383 677	-	(753 220 454)	7 %	DIV/0 %
Net cash from (used) investing	-	(71 196 000)	(71 196 000)	-	-	(71 196 000)	(68 816 471)	-	2 379 529	97 %	DIV/0 %
Net cash from (used) financing	-	4 733 953	4 733 953	-	-	4 733 953	4 509 308	-	(224 645)	95 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	-	742 142 084	742 142 084	-	-	742 142 084	(8 923 486)	-	(751 065 570)	(1)%	DIV/0 %
Cash and cash equivalents at the beginning of the year	-	-	-	-	-	-	(2 244 686)	-	(2 244 686)	DIV/0 %	DIV/0 %
Net increase / (decrease) in cash and cash equivalents	-	742 142 084	742 142 084	-	-	742 142 084	(8 923 486)	-	751 065 570	(1)%	DIV/0 %
Cash and cash equivalents at the beginning of the year	-	-	-	-	-	-	(2 244 686)	-	2 244 686	DIV/0 %	DIV/0 %
Cash and cash equivalents at year end	-	742 142 084	742 142 084	-	-	742 142 084	(11 168 172)	-	753 310 256	(2)%	DIV/0 %

Ditlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Appropriation Statement

Figures in Rand

Reported expenditure unauthorised expenditure terms of section 32 of MFMA

Expenditure authorised in recovered

Balance to be audited outcome

2013

Financial Performance

Property rates	66 850 440
Service charges	271 130 670
Investment revenue	16 555
Transfers recognised - operational	133 005 764
Other own revenue	45 453 004
Total revenue (excluding capital transfers and contributions)	516 456 433
Employee costs	(159 637 866)
Remuneration of councillors	(12 183 202)
Debt impairment	(86 051 120)
Depreciation and asset impairment	(70 368 715)
Finance charges	(10 780 612)
Materials and bulk purchases	(107 918 163)
Transfers and grants	(9 138 285)
Other expenditure	(139 371 632)
Total expenditure	(595 449 595)
Total revenue (excluding capital transfers and contributions)	-
Total expenditure	-
Surplus/(Deficit)	516 456 433
Transfers recognised - capital	(595 449 595)
Surplus/(Deficit)	(78 993 162)
Capital transfers and contributions	91 313 838
Surplus (Deficit) after capital transfers and contributions	(78 993 162)
Surplus (Deficit) after capital transfers and contributions	91 313 838
Surplus/(Deficit) for the year	12 320 676

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Capital expenditure and funds sources				
Total capital expenditure				338 533 217
Cash flows				
Net cash from (used) operating				93 027 321
Net cash from (used) investing				(102 936 428)
Net cash from (used) financing				4 120 753
Net increase/(decrease) in cash and cash equivalents				(5 788 354)
Cash and cash equivalents at the beginning of the year				3 543 668
Net increase / (decrease) in cash and cash equivalents				(5 788 354)
Cash and cash equivalents at the beginning of the year				3 543 668
Cash and cash equivalents at year end				(2 244 686)

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. These annual financial statements have been prepared on an accrual basis of accounting using the going concern basis and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. Rounding is done to the nearest Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Accounting Policies

1.1 Transfer of functions between entities under common control (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including maintenance, changes in technology, market conditions, together with economic factors such as interest rate fluctuations.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
• use in the production or supply of goods or services or for administrative purposes, or
• sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Accounting Policies

1.2 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Accounting Policies

1.3 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Infrastructure solid waste - Land	Infinite
Community Assets	Infinite
Operational	Infinite
Community Assets - Buildings	15 - 50
Operational	15 - 50
Plant and equipment	5 - 15
Furniture and equipment	7 - 10
Motor vehicles	3 - 20
Office equipment	5 - 7
Infrastructure Roads	5 - 50
Electricity	15 - 50
Sewer	10 - 80
Roads and Storm Water	12 - 50
Water	Infinite
Solid Waste - Land	15 - 50
Solid Waste - Buildings	5 - 15
Emergency Equipment	5 - 10
Bins and containers	5 - 10

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The useful lives are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and the required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

The Municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual value are determined other than for motor vehicles.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of municipality are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The increase in the fair value of game stock was done in accordance with the latest available prices of game auctions

Accounting Policies

1.4 Intangible assets

An asset is identified as an intangible asset when it:
is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:
it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.
Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.
The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	x years
Intangible assets under development	x years
Intangible assets ¹	x years

1.5 Heritage assets

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.
Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An inalienable item is an asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Accounting Policies

1.5 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.6 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

Loans and receivables

Financial liabilities at fair value through surplus or deficit - held for trading

Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit include dividends and interest.

Dividend income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Accounting Policies

1.6 Financial instruments (continued)

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

Accounting Policies

1.6 Financial instruments (continued)

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

Gains and losses

- A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:
 - A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
 - For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets

- A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:
- the right to receive cash flows from the asset have expired;
 - the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
 - the municipality has transferred its rights to receive cash flows from the asset and either
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset, the asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Accounting Policies

1.6 Financial instruments (continued)

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability. Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue. Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

Water inventory is measured at the lower of cost or net realisable value.

Other inventory is measured at the lower of cost or net replacement value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Accounting Policies

1.8 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.10 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating the future cash inflows used to determine the asset's or cash-generating unit's value in use; and the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.11 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Accounting Policies

1.11 Impairment of non-cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:
[Specify criteria]

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Accounting Policies

1.1 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Accounting Policies

1.13 Employee benefits (continued)

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognized actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognized actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.14 Provisions and contingencies

Provisions are recognised when:

the municipality has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Accounting Policies

1.14 Provisions and contingencies (continued)

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
- the activity/operating unit or part of a activity/operating unit concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for services being terminated;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

the amount of revenue can be measured reliably;

it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome

of a transaction can be estimated reliably when all the following conditions are satisfied:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of revenue can be measured reliably;

the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:
 • It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
 • The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

The municipality has two types of fines, spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a prosecutor pays over to the municipality the cash actually received on summonses issued.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Borrowing costs

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the Municipal Systems Act, 2000 (Act No. 32 of 2000), or any regulations made in terms of the Act; or
- (c) the Public Office Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) is in contravention with the Municipality's supply chain management policy and which has not been condoned in terms of such act or policy.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Accounting Policies

1.22 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.24 Presentation of currency

These annual financial statements are presented in South African Rand.

1.25 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.26 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.27 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.28 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar. General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives. The approved budget covers the fiscal period from 01/07/2012 to 30/06/2013.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.29 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

3. Consumer debtors (continued)

Net balance			
Receivables from non-exchange transactions			
Rates	6 004 272	5 164 633	
Receivables from exchange transactions			
Electricity	2 352 263	2 607 592	
Water	13 294 326	12 062 445	
Sewerage	8 174 089	7 865 673	
Refuse	2 685 618	2 462 153	
Current (0 -30 days)	2 088 065	1 869 772	
31 - 60 days	2 016 048	1 784 511	
61 - 90 days	1 975 344	1 754 380	
91 - 120 days	2 432 709	2 700 261	
121 - 365 days	11 197 784	10 571 077	
VAT Billed			
Current (0 -30 days)	2 762 033	2 391 905	
31 - 60 days	1 251 206	1 236 030	
61 - 90 days	960 548	864 730	
91 - 120 days	-	204 135	
	4 973 787	4 696 800	

Notes to the Annual Financial Statements

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	2014	2013
3. Consumer debtors (continued)		
Interest, rent ect	4 841 979	2 335 001
Current (0 -30 days)	2 843 189	2 226 214
31 - 60 days	2 875 954	2 089 797
61 - 90 days	2 536 655	2 263 494
91 - 120 days	1 319 696	4 331 083
121 - 365 days	1 805 932	1 805 929
Debtors not included in the age analysis	16 223 405	15 051 518

Dihlabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

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2014 2013

3. Consumer debtors (continued)

Summary of debtors by customer classification

	Consumer debtors (continued)	
	2014	2013
Commercial	29 681 768	19 298 578
Industrial / Commercial	13 644 318	14 158 353
Current (0 - 30 days)	11 792 214	10 428 055
31 - 60 days	11 116 152	9 892 154
61 - 90 days	80 483 200	68 203 381
91 - 120 days	314 201 438	277 014 930
> 365 days	460 919 090	398 995 451
Less: Allowance for impairment	(406 677 312)	(342 766 919)
	54 241 778	56 228 532

National and provincial government

	National and provincial government	
	2014	2013
Current (0 - 30 days)	2 459 023	2 362 717
31 - 60 days	1 260 249	1 447 008
61 - 90 days	982 576	636 237
91 - 120 days	435 214	617 187
121 - 365 days	3 199 229	3 822 323
> 365 days	3 685 378	4 604 634
	12 021 669	13 490 106

	Less: Provision for debt impairment	
	2014	2013
Current (0 - 30 days)	32 140 791	21 661 295
31 - 60 days	14 904 567	15 605 361
61 - 90 days	12 774 789	11 064 293
91 - 120 days	11 551 366	10 509 341
121 - 365 days	83 682 429	72 025 704
> 365 days	317 886 816	275 770 114
	472 940 758	406 636 108
	(410 720 832)	(348 616 370)
	62 219 926	58 019 738

Less: Provision for debt impairment

	Less: Provision for debt impairment	
	2014	2013
Current (0 - 30 days)	1 785 304	(5 465 345)
31 - 60 days	(6 039 482)	(2 355 395)
61 - 90 days	(5 296 442)	(1 084 542)
91 - 120 days	(5 561 954)	(2 657 122)
121 - 365 days	(79 527 374)	(63 089 782)
> 365 days	(317 886 814)	(273 964 184)
	(412 526 762)	(348 616 370)

Total debtor past due but not impaired

	Total debtor past due but not impaired	
	2014	2013
Current (0 - 30 days)	33 926 095	16 265 844
31 - 60 days	8 865 085	13 249 966
61 - 90 days	7 478 347	10 118 184
91 - 120 days	5 989 055	7 978 112
121 - 365 days	4 155 055	8 601 703
> 365 days	7 655 383	1 805 928
	68 069 020	58 019 737

Ditlhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2014

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2014 2013

3. Consumer debtors (continued)

Reconciliation of allowance for impairment
Balance at beginning of the year
Contributions to allowance
Debt impairment written off against allowance

(348 616 370)	(315 097 054)
(101 082 529)	(86 051 119)
37 172 137	52 531 803
(412 526 762)	(348 616 370)

Fair value of consumer debtors

Consumer debtors

62 219 926	58 019 738
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Consumer debtors impaired

As of 30 June 2014, consumer debtors of R412 526 762 (2013: R348 616 370) were impaired and provided for.

The amount of the provision was R101 082 529 as of 30 June 2014 (2013: R86 051 119).

4. Inventories

Consumable stores
Water
Fuel (Diesel, Petrol)
Stores and materials

448 310	377 938
104 805	87 620
303 593	285 902
298 635	642 255
1 155 343	1 393 715

5. Other financial assets

At fair value
Sanlam short-term deposit
The short-term deposit at Sanlam is fixed and matures at a future date.

740 503	700 330
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ABSA short-term deposit
The short-term deposit at ABSA is fixed and matures at a future date.

151 850	141 143
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Unlisted co-operative fund - OVK
The unlisted investment consists of:

146 653	123 569
---------	---------

8 662 shares in Cos Vrystaat Kaap Operations Ltd. @ R9,02 (2013: R7,50)
9 016 shares in Cos Vrystaat Kaap Holdings Ltd. @ R7,60 (2013: R6,50)

257 436	191 774
---------	---------

Listed investment - Sanlam
4 196 shares in Sanlam @ R61,75 (2013: R46,00)

1 296 442	1 156 816
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Non-current assets
At fair value

404 089	315 343
---------	---------

Current assets
At fair value

892 353	841 473
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Non-current assets
Current assets

404 089	315 343
892 353	841 473
1 296 442	1 156 816

Notes to the Annual Financial Statements

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2014	2013
6. Other receivables from exchange transactions	
Trade debtors	11 092 264
Other receivables	8 337
Pre-paid electricity from third party vendors	1 681 299
Bank errors	30 559
17 375 465	11 669 892
7. Receivables from non-exchange transactions	
Other receivables from non-exchange revenue	10 490 423
5 868 294	5 868 294

8. Intangible assets

2014	2013
Computer software, other	2 079 733
Cost / Accumulated amortisation and impairment	(1 976 113)
Carrying value	103 620
Cost / Accumulated amortisation and impairment	1 993 433
Valuation	(1 949 498)
Carrying value	43 935

Reconciliation of intangible assets - 2014

Computer software, other	Opening balance	43 935	Additions	Impairment loss	Total
			86 300	(26 615)	103 620

Reconciliation of intangible assets - 2013

Computer software, other	Opening balance	259 853	Transfers	Amortisation	Total
			10 091	(226 009)	43 935

9. Investment property

2014	2013
Investment property	Cost / Fair value
	Carrying value
	Cost / Fair value
	Valuation adjustments
	Carrying value
Investment property	76 471 194
	-
	76 471 194
	76 471 194

Reconciliation of investment property - 2014

Investment property	Opening balance	76 471 194	Total
			76 471 194

Reconciliation of investment property - 2013

Investment property	Opening balance	76 471 194	Total
			76 471 194

Notes to the Annual Financial Statements

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2014
2013

9. Investment property (continued)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

At initial recognition, the municipality measures Investment Property at cost and the fair value model is applied to investment property for subsequent measurement. Under the fair value model, investment property is carried at this fair value at the reporting date.

The fair value of the property is supported by market evidence.

Revaluations were performed by an independent valuator, Mr Arthur Lelosa Independent Valuers, who holds a recognised and relevant qualification, during 2013. The new valuation roll were implemented on 01 July 2013. A certificate to this extent was received from the above-mentioned valuator.

There are no restrictions on the reliability of investment property or the remittance of revenue and proceeds on disposal.

Dihlabeng Local Municipality

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10. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Motor vehicles	14 562 536	(9 171 468)	5 391 068	15 015 984	(8 557 712)	6 458 272
Office equipment	8 324 170	(5 903 095)	2 421 075	7 481 661	(4 164 323)	3 317 338
Bins and containers	1 257 505	(807 374)	450 131	1 257 505	(731 035)	526 470
Emergency equipment	323 555	(187 139)	136 416	323 555	(145 006)	178 549
Furniture and equipment	4 233 230	(2 390 362)	1 842 868	3 932 314	(1 907 351)	2 024 963
Security equipment	6 139	(5 583)	556	6 139	(5 304)	835
Plant and equipment	16 704 914	(10 195 052)	6 509 862	14 668 530	(7 683 638)	6 984 892
Infrastructure - Water	354 968 529	(75 174 839)	279 793 690	352 104 155	(62 075 720)	290 028 435
Infrastructure - Sewer	329 416 009	(78 307 477)	251 108 532	329 177 748	(65 392 367)	263 785 381
Infrastructure Roads	366 254 848	(112 666 229)	253 588 619	337 542 870	(96 251 687)	241 291 183
Infrastructure - Electricity	150 955 130	(41 965 565)	108 989 565	148 720 803	(33 887 025)	114 833 778
Community Assets - Land	140 301 863	-	140 301 863	140 301 863	-	140 301 863
Community Assets - Buildings	231 826 681	(52 837 398)	178 989 283	182 961 950	(42 116 475)	140 845 475
Infrastructure solid waste - Land	3 454 023	-	3 454 023	3 684 291	-	3 684 291
Infrastructure solid waste - Buildings	13 930 005	(3 363 191)	10 566 814	13 930 005	(2 766 430)	11 163 575
Leased assets	-	1	1	-	1	1
Land - owned	422 614 841	110 159	422 725 000	422 614 841	110 159	422 725 000
Railways	48 755 739	(16 251 913)	32 503 826	48 755 739	(13 543 261)	35 212 478
Game stock	2 795 450	-	2 795 450	1 150 200	-	1 150 200
Work-in-progress	151 597 707	-	151 597 707	151 526 487	-	151 526 487
Heritage	1	-	1	1	-	1
Total	2 262 282 875	(409 116 525)	1 853 166 350	2 175 156 641	(339 117 174)	1 836 039 467

The increase in the fair value of game stock was done in accordance with the latest available prices of game auctions.

Dihlabeng Local Municipality

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10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Transfers	Accumulated depreciation on disposals / write-offs / impairment	Depreciation	Impairment loss	Total
Motor vehicles	6 458 272	-	(453 449)	-	261 422	(784 340)	(90 837)	5 391 068
Office equipment	3 317 338	1 109 528	(267 019)	-	201 948	(1 067 580)	(873 140)	2 421 075
Bins and containers	526 470	-	-	-	-	(76 339)	-	450 131
Emergency equipment	178 549	-	-	-	-	(17 404)	(24 729)	136 416
Furniture and equipment	2 024 963	301 891	(975)	-	832	(457 947)	(25 396)	1 842 868
Security equipment	835	-	-	-	-	(279)	-	556
Plant and equipment	6 984 892	1 041 431	(245 474)	-	196 606	(1 249 036)	(218 557)	6 509 862
Infrastructure - Water	290 028 435	2 864 374	-	-	-	(13 099 119)	-	279 793 690
Infrastructure - Sewer	263 785 381	238 260	-	-	-	(12 915 109)	-	251 108 532
Infrastructure Roads	241 291 183	5 809 062	-	22 902 916	-	(16 414 542)	-	253 588 619
Infrastructure - Electricity	114 833 778	306 186	-	-	-	(6 150 399)	-	108 989 565
Community Assets - Land	140 301 863	-	-	-	-	-	-	140 301 863
Community Assets - Buildings	140 845 475	12 013 538	-	36 851 193	-	(10 720 923)	-	178 989 283
Infrastructure solid waste - Land	3 684 291	-	-	-	-	(230 268)	-	3 454 023
Infrastructure solid waste - Buildings	11 163 575	-	-	-	-	(596 761)	-	10 566 814
Leased assets	1	-	-	-	-	-	-	1
Railways	35 212 478	-	-	-	-	(2 708 652)	-	32 503 826
Land - owned	422 725 000	-	-	-	-	-	-	422 725 000
Game stock	1 150 200	1 645 250	-	-	-	-	-	2 795 450
Work-in-progress	151 526 487	59 825 329	-	(59 754 109)	-	-	-	151 597 707
Heritage	1	-	-	-	-	-	-	1
	1 836 039 467	85 154 849	(966 917)	-	660 808	(66 488 698)	(1 233 159)	1 853 166 350

Dihlabeng Local Municipality

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10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Transfers	Accumulated depreciation on disposals / write-offs	Depreciation	Impairment loss	Total
Motor vehicles	7 950 069	-	(386 951)	-	221 647	(802 994)	(523 499)	6 458 272
Office equipment	4 860 992	596 300	(2 698 530)	-	1 758 275	(1 123 221)	(76 478)	3 317 338
Bins and containers	602 810	-	-	-	-	(76 340)	-	526 470
Emergency equipment	199 293	-	-	-	-	(20 744)	-	178 549
Furniture and equipment	1 884 715	667 450	(239 248)	-	111 079	(390 491)	(8 542)	2 024 963
Security equipment	1 114	-	-	-	-	(279)	-	835
Plant and equipment	8 205 784	253 634	(1 647 674)	-	1 533 511	(1 146 936)	(213 425)	6 984 892
Infrastructure - Water	294 213 157	8 282 323	-	438 440	-	(12 905 485)	-	290 028 435
Infrastructure - Sewer	275 253 650	1 565 655	-	-	-	(13 033 924)	-	263 785 381
Infrastructure Roads	247 555 948	9 557 129	-	3 579 639	-	(19 401 533)	-	241 291 183
Infrastructure - Electricity	121 231 192	579 229	-	-	-	(6 976 643)	-	114 833 778
Community Assets - Land	140 301 863	-	-	-	-	-	-	140 301 863
Community Assets - Buildings	120 346 787	9 681 751	-	19 506 333	-	(8 691 401)	-	140 845 475
Infrastructure solid waste - Land	3 914 559	-	-	-	-	(230 268)	-	3 684 291
Infrastructure solid waste - Buildings	11 760 336	-	-	-	-	(596 761)	-	11 163 575
Leased assets	1	-	-	-	-	-	-	1
Railways	37 921 130	-	-	-	-	(2 708 652)	-	35 212 478
Land - owned	422 725 000	-	-	-	-	-	-	422 725 000
Game stock	1 299 900	-	(149 700)	-	-	-	-	1 150 200
Heritage	-	1	-	-	-	-	-	1
Work-in-progress	101 002 278	74 048 626	-	(23 524 417)	-	-	-	151 526 487
	1 801 232 578	105 232 098	(5 122 103)	-	3 624 512	(68 105 674)	(821 944)	1 836 039 467

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10. Property, plant and equipment (continued)

The following is a list of all heritage assets owned by Diliabeng Municipality

Pretoriuskloof Nature Reserve - Bethlehem
 Town Hall - Bethlehem
 Pretoriuskloof Nature Reserve - Bethlehem
 Loch Aithlone Dam Wall Pretoriuskloof Nature Reserve - Bethlehem
 Library Market - Clarens
 Old Neder Gereformeerde Mission Church Parsonage - New Traffic Office - Bethlehem

The fair values of all heritage assets could not be determined.

Transitional provisions

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Heritage assets as nominal value

12. Consumer deposits

Water and electricity

13. Other financial liabilities

At amortised cost
Development Bank of Southern Africa (DBSA)
The loan was re-scheduled in September 2011 and the repayment terms have been re-negotiated. The loan bears interest at a nominal rate of 10% per annum. The loan shall be repaid in 44 quarterly installments commencing on 1 October 2011 of R1516 391. The loan will be redeemed on 31 December 2022. Interest of 12% per annum is charged on any arrear installment.

Infrastructure Finance Corporation Limited (INCA)
The loan bears interest at a fixed rate of 14.52% per annum. The monthly installments are R1 14 870 over an initial period of 120 months. This loan was redeemed on 31 July 2013.

Infrastructure Finance Corporation Limited (INCA)
The loan bears interest at a fixed rate of 14,00% compounded monthly. The monthly installments are R46 914 over an initial period of 120 months. This loan was redeemed on 30 November 2013.

Total other financial liabilities

Non-current liabilities
At amortised cost

30 565 887 36 849 522

Dihlabeng Local Municipality

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Current liabilities

At amortised cost

18 859 689

8 066 746

14. Payables from exchange transactions

Trade payables

Consumer debtors with credit balances

Accrued leave pay

Accrued bonus

Deposits received

Sundry creditors

154 633 130

134 709 228

5 331 419

5 069 556

13 074 687

14 561 500

3 804 804

108 666

47 203

12 528 842

13 545 802

192 029 210

169 234 320

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant

Department of Water Affairs Grant

Library Grant

5 915 961

3 863 699

7 011 811

-

161 236

9 779 660

7 173 047

Movement during the year

Balance at the beginning of the year

Received during the year

Income recognition during the year

7 173 047

9 281 950

69 004 957

35 271 935

(66 398 344)

(37 380 838)

9 779 660

7 173 047

16. VAT payable

Debtors VAT Accrued

VAT Refundable

37 941 422

31 898 151

(23 131 069)

(27 493 322)

14 810 353

4 404 829

17. Long service awards

The long service awards valuation was performed by ZAQ Consultants and Actuaries for the period ended 30 June 2013 and 30 June 2014.

The long service awards valuation report is available for inspection at the Municipality.

Notes to the Annual Financial Statements

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	2014	2013
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18. Provisions

Reconciliation of provisions - 2014

Environmental rehabilitation	1 426 998	1 788 750
Illegal corner dumping	99 558	803 250
Opening Balance	1 327 440	985 500
Additions	902 808	2 312 940
Total	3 215 748	2 312 940

Reconciliation of provisions - 2013

Environmental rehabilitation	1 327 440	985 500
Illegal corner dumping	92 610	540 000
Opening Balance	1 234 830	445 500
Additions	632 610	2 312 940
Total	2 312 940	2 312 940

Environmental rehabilitation provision

The new dumping site became operational on 1 December 2010 as the old dumping site was closed. On a monthly basis the site is filled with approximately 13 200 cubic meters of cover material, garden waste, industrial waste and building rubble. The landfill site was assessed by Meisi Metseng Geological & Environmental Services and based on the assessment, the provision for the rehabilitation and the closure of the landfill site was calculated over a period of 20 years.

The following key assumptions were made that can impact considerably on the calculation of the provision if they change:

- provision was made to dispose of 2 658 800 cubic metre waste that will fill an area of 129 600 square metres x 18 metres high over a lifespan of 20 years
- an average disposal tempo of 160 cubic metres per day over the 20 year lifespan was used for costing calculations
- an annual inflationary increase of 7,5% was used for the projected cost

Proper management of the site will increase the number of years of operation and will ensure that environmental compliance is adhered to. The timing of the cashflow is uncertain.

The discounted cash flow method was used to calculate the yearly provision.

Illegal corner dumping

The calculation was done by the Municipality and it is based on the number of machine and man hours that is needed to clear the illegal corner dumps. The timing of the cash flow is uncertain.

19. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value	Present value of the defined benefit obligation-wholly unfunded
	(23 352 000) (27 375 000)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(27 375 000)	(24 452 984)
Net expense recognised in the statement of financial performance	4 023 000	(2 922 016)
	(23 352 000)	(27 375 000)

Notes to the Annual Financial Statements

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19. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

	4 023 000	(2 922 016)
Current service cost	(359 000)	(345 448)
Interest cost	(2 106 000)	(1 285 274)
Benefits paid	1 624 000	1 510 869
Actuarial gain	4 864 000	(2 802 163)
Total included in employee related costs	4 023 000	(2 922 016)

Key assumptions used

The post retirement medical aid liability is valued on a generally accepted actuarial valuation method. The liability was calculated on a member-by-member basis, taking into account the liabilities arising in respect of principal members and their spouses. Ages are calculated as per age on 30 June 2014.

The projected unit credit method was used as prescribed by IAS 19 and GRAP 25. This method is based on the approximation that the post-retirement benefit is notionally built up over the employees' working life.

The actuarial valuation of the PRMA (post-retirement medical aid) liability involves the following:

- the projection of future post-retirement medical contribution subsidy cash flows, taking into account the probabilities of survival, withdrawal, ill-health retirement, early retirement and death in service.
- the medical contribution subsidies arising in respect of adult dependents of employees.
- increasing the projected subsidy cashflows in line with expected long-term contribution escalation.
- discounting these cashflows in order to express the PRMA liability in current Rand terms.

Discount rate	8.91 %	7.89 %
Consumer price inflation	7.02 %	6.14 %
Medical aid contribution inflation	8.02 %	7.14 %
Maximum subsidy increase rate (Net effective discount rate)	0.82 %	0.70 %

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose. All councilors and employees belong to three defined benefit retirement funds. One fund is administered by the Provincial Pension Fund. The last actuarial valuation as at 30 June 2005 are in the process of being finalised and will be submitted to the Municipality once approved by the executive committee of the fund. Information could not be obtained for the other two funds regarding the administrators no the actuaries. The municipality is under no obligation to cover any unfunded benefits.

20. Revenue

Rendering of services	1 284 823	1 543 677
Service charges	299 632 301	271 130 670
Royalty income	-	5 849 451
Rental of facilities and equipment	4 055 233	3 555 596
Interest received - accounts receivable	27 014 225	23 060 999
Licences and permits	200 544	86 343
Other income	3 007 382	3 122 519
Interest received - investment	10 706	11 095
Dividends received	5 860	5 460
Property rates	76 760 300	66 850 440
Government grants & subsidies	201 772 345	224 319 602
Fines	5 059 929	7 194 520
	618 803 648	606 730 372

Dihlabeng Local Municipality

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20. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services

are as follows:

Service charges	271 130 670
Renting of services	1 284 823
Royalty income	-
Rental of facilities and equipment	4 055 233
Interest received - accounts receivable	27 014 225
Licences and permits	86 343
Other income	3 007 382
Interest received - investment	10 706
Dividends received	5 860

335 211 074	308 365 810
-------------	-------------

The amount included in revenue arising from non-exchange transactions is as

follows:

Taxation revenue	76 760 300
Property rates	66 850 440
Transfer revenue	201 772 345
Government grants & subsidies	5 059 929
Fines	7 194 520
283 592 574	298 364 562

21. Property rates

Rates received

Property rates

76 760 300	66 850 440
------------	------------

Valuations

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R0.0068 (2013:R0.0068) is applied to residential and small holding property valuations to determine the assessment rates. A rebate of R22 000 (2013:R22 000) is granted to residential properties and a further 25% (2013:25%) rebate to pensioners.

A general rate of R0.0198 (2013:R0.0198) is applied to business, industrial, commercial and public service infrastructure to determine the assessment rates. A rebate of 50% (2013:50%) is granted to public service infrastructure only.

A general rate of R0.0068 (2013:R0.0068) is applied to farms to determine the assessment rates. A rebate of 85% (2013:85%) is granted to farmers and a further rebate of 0% (2013:25%) was granted. The rebates granted to farmers are done in accordance with S21 of the Municipal Property Rates Act No.6 of 2004.

Rates for farmers and national government are levied on an annual basis with the final date for payment being 07 August 2014. Rates for other consumers are levied on a monthly basis with the final date for payment before the 7th of each month. Interest at prime plus 1% per annum (2013:prime plus 1%) is levied on rates outstanding after due date.

22. Service charges

Sale of electricity	153 247 179
Sale of water	65 020 498
Sewerage and sanitation charges	41 630 927
Refuse removal	39 733 697
299 632 301	271 130 670

Dihlabeng Local Municipality

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23. Government grants and subsidies

Operating grants

Equitable share

Expanded Public Works Programme Grant

Municipal Systems Improvement Grant

Equitable shares - Councilors Remuneration Grant

Financial Management Grant

Library Grant

Capital grants

Municipal Infrastructure Grant

Department of Water Affairs Grant

Water Services Operating Grant

COGTA Grant

124 544 640	124 496 000
1 000 000	1 000 000
800 000	800 000
4 871 000	4 871 000
1 550 000	1 500 000
821 714	338 764
133 995 714	133 005 764
43 200 039	51 733 000
22 376 592	36 094 476
2 200 000	2 200 000
-	1 286 362
67 776 631	91 313 838
201 772 345	224 319 602

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received
Unconditional grants received

67 776 631	91 313 838
133 174 000	132 666 500
200 950 631	223 980 338

Equitable Share

Current-year receipts
Conditions met - transferred to revenue

124 544 640	124 496 000
(124 544 640)	(124 496 000)
-	-

The equitable share allocation was fully utilised during the financial year.

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Equitable Share - Councilors Remuneration Grant

Current-year receipts
Conditions met - transferred to revenue

5 189 360	4 871 000
(5 189 360)	(4 871 000)
-	-

The councilors remuneration grant was fully utilised during the financial year.

Municipal Infrastructure Grant

Current-year receipts
Conditions met - transferred to revenue

49 116 000	51 733 000
(43 200 039)	(51 733 000)
5 915 961	-

This grant is utilised for the upgrading of sports facilities, sanitation (upgrading of waste water treatment works) and construction of roads.

Municipal Systems Improvement Grant

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23. Government grants and subsidies (continued)

Current-year receipts	890 000	800 000
Conditions met - transferred to revenue	(890 000)	(800 000)
	-	-

The municipal systems improvement grant was fully utilised during the financial year.

Financial Management Grant

Current-year receipts	1 500 000	1 500 000
Conditions met - transferred to revenue	(1 500 000)	(1 500 000)
	-	-

The financial management grant was fully utilised during the financial year.

Expanded Public Works Programme Grant

Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
	-	-

The expanded public works grant was fully utilised during the year.

Department of Water Affairs Grant

Balance unspent at beginning of year	7 011 811	7 995 588
Current-year receipts	19 228 480	35 110 699
Conditions met - transferred to revenue	(22 376 592)	(36 094 476)
	3 863 699	7 011 811

The grant is utilised for the upgrading of the water infrastructure network to Paul Roux and Rosendal.

COGTA Grant

Balance unspent at beginning of year	-	1 286 362
Conditions met - transferred to revenue	-	(1 286 362)
	-	-

Water Services Operating Grant

Current-year receipts	2 200 000	2 200 000
Conditions met - transferred to revenue	(2 200 000)	(2 200 000)
	-	-

Water services operating grant was fully utilised during the financial year. (see note 15).

Library Grant

Balance unspent at beginning of year	161 236	-
Current-year receipts	660 478	500 000
Conditions met - transferred to revenue	(821 714)	(338 764)
	-	161 236

Conditions still to be met - remain liabilities (see note 15).

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23. Government grants and subsidies (continued)

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 5 of 2012), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

24. Other income

Sundry income	983 234	1 034 022
Insurance claim received	7 263	5 062
Abnormal freight	120 349	34 914
Sale of library books	-	615
Sales from pound	13 264	17 024
Sundry income from traffic offences	19 266	18 792
Skills Development Levy refund	375 301	675 656
Railway sidings	64 572	64 572
Copies and faxes	1 915	7 137
Parking meters	650	9 831
Airport landing charges	19 250	11 850
Advertising signs	552 767	216 913
Blocked sewerage fees	27 088	15 174
Building plan fees	300 685	346 458
Clearance certificates	211 514	104 093
Encroachment fees	253 565	223 548
Sundry income electricity	56 000	336 858
Sundry income parks	699	-
Total	3 007 382	3 122 519

Dihlabeng Local Municipality

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25. General expenses

Operating lease expenditure	2 015 617	1 672 512
Advertising	-	(108 521)
Auditors remuneration	4 537 301	4 688 405
Bank charges	950 526	1 093 166
Commission paid	1 449 871	1 324 110
Actuarial (gain) / loss on employee benefits	-	2 802 163
Consulting and professional fees	8 967 488	13 202 563
Consumables	159 579	125 269
Delivery expenses	1 548 906	594 351
Donations	2 679 415	1 251 404
Entertainment	1 310 886	895 907
Fines and penalties	129 048	78 050
Audit committee sitting allowance	188 138	23 614
Hire	27 091 803	28 485 195
Insurance	9 237 508	7 451 072
Community development and training	12 849 305	7 795 751
Promotions and sponsorships	400 407	309 164
Pauper burials	113 587	62 926
Fuel and oil	9 061 855	8 295 499
Public participation expenses	4 846 064	735 757
Postage and courier	1 574 357	893 512
Printing and stationery	784 231	654 512
Royalties and license fees	2 531 361	2 123 869
Security (Guarding of municipal property)	10 630 042	10 065 920
Subscriptions and membership fees	3 167 541	3 912 757
Telephone and fax	2 427 196	2 652 601
Training	2 594 091	2 351 927
Travel - local	1 866 710	2 126 397
Assets expensed	621 303	1 092 238
Uniforms	9 187	573 954
Contribution capital expenditure	-	(2 316 781)
Bursaries	2 125 187	2 122 605
Rehabilitation of dumping site	8 502 655	8 411 681
Rehabilitation of landfill site	902 808	632 610
Provision for bad debts in non-exchange transactions	-	318 404
Damaged stock written off	-	16 960
Loss on assets written off	1 574 372	348 792
Chemicals	1 875 867	950 485
	128 724 212	117 710 800

Dihlabeng Local Municipality

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26. Employee costs

Basic	97 494 794	92 870 630
Bonus	9 765 035	9 244 905
Medical aid - company contributions	13 147 316	10 837 269
UIF	1 101 763	1 014 728
Other payroll levies	60 657	58 018
Leave pay provision charge	3 160 565	2 895 240
Post-employment benefits - Pension - Defined contribution plan	3 290 782	1 936 353
Overtime payments	7 902 208	6 944 791
Standby allowances	4 729 515	4 083 641
Car allowance	4 293 088	4 506 923
Housing benefits and allowances	276 893	312 038
Group life insurance	209 220	171 556
Pension funds	17 061 009	16 392 191
Other allowances	737 828	581 850
Telephone allowance	437 765	448 227
Relief payment	1 777 322	619 464
165 445 760	152 917 824	

Remuneration of municipal manager

Annual Remuneration	751 862	848 673
Car Allowance	324 469	360 530
Leave Payout	182 110	-
Contributions to UIF, Medical and Pension Funds	148 794	163 442
Cellphone allowance	15 000	18 000
1 422 235	1 390 645	

The Municipal Manager, Mr ET Tsoell served in this post until 30 April 2014. Position still vacant.

Remuneration of chief finance officer

Annual Remuneration	887 427	834 726
Car Allowance	301 299	289 219
Contributions to UIF, Medical and Pension Funds	13 743	12 968
Cellphone allowance	12 000	12 000
1 214 469	1 148 913	

The Chief financial officer, Mr PR Provis served in this post.

Remuneration of director public works

Annual Remuneration	887 427	834 726
Car Allowance	321 090	309 224
Contributions to UIF, Medical and Pension Funds	13 150	12 411
Cellphone allowance	12 000	12 000
1 233 667	1 168 361	

The Director Public Works, Mr AB Masuku served in this post.

Remuneration of director corporate services

Annual Remuneration	665 570	347 803
Car Allowance	262 251	119 205
Contributions to UIF, Medical and Pension Funds	9 863	6 283
Leave payout	-	100 538

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2014	2013
9 000	5 000
946 684	578 829

26. Employee costs (continued)

Cellphone allowance

The director corporate services, Mr MES Motshwalo, resigned on 30 November 2012. Since 1 December 2012 the position is vacant. Mr BP Molatse served on this post from 01 October 2013 till to date.

Remuneration of director community services

Annual Remuneration	834 726	887 427
Car Allowance	325 179	325 179
Contributions to UIF, Medical and Pension Funds	14 257	13 039
Cellphone Allowance	12 000	12 000
Leave payout	71 138	62 837
Acting allowance as Municipal Manager	39 520	-
	1 349 521	1 214 802

Mrs MC Sephaka served in this post.

Remuneration director of local economic development

Annual Remuneration	834 726	887 427
Car Allowance	307 222	287 428
Contributions to UIF, Medical and Pension Funds	13 862	13 123
Leave payout	71 137	71 215
Cellphone allowance	12 000	12 000
	1 291 648	1 218 492

Mrs GT Hadebes' served in this post.

27. Remuneration of councillors

Executive Mayor	570 006	140 760
Speaker	456 046	112 608
Chief whip	427 556	105 570
Chairman Public Accounts committee	166 395	41 055
Mayoral executive committee	3 455 811	853 588
Councillors	4 275 251	1 302 257
	9 351 065	2 555 838
Allowance		
Travel		
Cell phone		
Total	12 738 779	12 738 779

Executive Mayor	536 230	134 057
Speaker	421 529	105 402
Chief whip	409 161	102 290
Chairman Public Accounts committee	380 105	95 006
Mayoral executive committee	3 217 852	804 460
Councillors	4 043 515	1 126 008
	9 008 392	2 367 223
Allowance		
Travel		
Cell phone		
Total	11 957 800	11 957 800

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	2014	2013
28. Debt impairment		
Debt impairment	101 082 529	86 051 120
29. Investment revenue		
Dividend revenue	5 860	5 460
Interest revenue	10 706	11 095
ABSA	5 860	5 460
	10 706	11 095
	16 566	16 555
The amount included in investment revenue arising from non-exchange transactions amounted to R10 706 (2013: R11 095)		
Total interest income, calculated using the effective interest rate, on financial instruments at fair value through surplus or deficit amounted to R10 706 (2013: R11 095).		
30. Fair value adjustments		
Other financial assets / liabilities		
• Investments	129 079	105 932
31. Depreciation, impairment and amortisation		
Property, plant and equipment	2 127 399	613 922
Intangible assets	26 616	226 009
Infrastructure assets	63 929 250	69 528 784
	66 083 265	70 368 715
32. Finance costs		
Penalties and interest on late payment of VAT	1 518 991	1 161 907
Other interest paid	13 283 380	9 618 705
	14 802 371	10 780 612
33. Auditors' remuneration		
Fees	4 537 301	4 688 405
34. Rental of facilities and equipment		
Premises	3 715 282	2 596 252
Venue hire	1 965	3 934
	3 717 247	2 600 186
Facilities and equipment		
Rental of equipment	337 986	955 410

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34. Rental of facilities and equipment (continued)	
Premises	3 717 247
Garages and parking	2 600 186
Facilities and equipment	337 986
	955 410
	4 055 233
	3 555 596
35. Contracted services	
Meter reading services - Kopanong CC	2 587 729
	2 008 159
36. Bulk purchases	
Electricity	1 154 410 545
	1 079 918 163
37. Cash generated from operations	
(Deficit) surplus	(18 368 448)
Adjustments for:	
Depreciation and amortisation	66 083 265
Profit on sale of assets and liabilities	(4 268 890)
Fair value adjustment on game stock	(1 645 250)
Actuarial gain	(4 864 000)
Fair value adjustments	(129 079)
Interest income	(27 024 931)
Dividends received	(5 860)
Finance costs	(5 460)
Debt impairment	14 802 371
Indigent grants allocated	10 780 612
Changes in working capital:	101 082 529
Inventories	8 442 645
Other receivables from exchange transactions	9 138 285
Other receivables from non-exchange transactions	238 372
Consumer debtors	(477 661)
Payables from exchange transactions	(5 705 573)
Unspent conditional grants and receipts	(1 243 977)
VAT	(86 460 724)
Consumer deposits	22 794 890
Provisions	23 048 453
	10 405 528
	(6 068 536)
	(2 108 903)
	187 130
	632 610
	55 383 677
	93 027 321

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38. Commitments

Authorised capital and operational expenditure

Capital Expenditure		
• Property, plant and equipment	73 616 475	100 039 044
Operational Expenditure		
• Rehabilitation of landfill site	-	3 137 280
• Repairs and maintenance	981 515	2 371 728
• Consulting fees	-	-
• Uniform and protective clothing	875 000	-
• Operating lease vehicles	-	9 076 084
• Valuation Roll	-	192 817
• Clarens Conservancy fees	280 000	70 000
	2 136 515	14 847 909

The committed expenditure of the following cannot be determined due the variable nature of the contract:

Project Description:	Project Value:	Expenditure to date:
Carboncor - Supply and delivery of 25 kg bags of cold mix asphalt	R63.84 per bag	
	R520 934 (2014)	
Project Description:	Project Value:	Expenditure to date:
Oos Vrystaat Grondverskuiling - Hire of yellow plant and equipment	As per pricing schedule	
	R1 448 743 (2014)	
Project Description:	Project Value:	Expenditure to date:
TMT Services and Suppliers (Pty) Ltd	R23,63 per notice and R55,11 per infringement	
	R2 307 178 (2013)	
	R6 404 059 (2014)	

Dihlabeng Local Municipality

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39. Contingencies

The following civil cases are currently being finalised

GD Van Zyl:

This case is handled by Breytenbach Mavuso Attorneys and is regarding the sale of a site in Fouriesburg to Mr van Zyl on the site a municipal pump station is erected and no servitude is registered. The liability could be R150 000,00.

Thabo Mofutsanyana District Municipality:

This case is handled by Breytenbach Mavuso Attorneys. Breytenbach Mavuso is acting on behalf of various defendants against Thabo Mofutsanyana. In the trial case the Judge has given judgment against Thabo Mofutsanyana. They are now trying to appeal in this matter. National Treasury indicated that they will intervene in this matter but no further response was received. No liability at this stage.

LAK Investments/Upper Clarens Estate:

This case is handled by Breytenbach Mavuso Attorneys. This is a defended matter in which the Defendant wants to negotiate. We are waiting for dates to proceed with negotiations. No liability for Council.

Shabbas Business Services CC:

This case is handled by Breytenbach Mavuso Attorneys and is regarding a pavement management system that was done by the company and they claim that Council owe them an amount of R1,1 million. Possible liability of R1,1 million.

Bibi Cash and Carry Supermarket (Pty) Ltd:

This case is handled by Breytenbach Mavuso Attorneys and the matter was settled per Council Resolution (Item R4/2013 on 28 June 2013) and the transfer of the property is in process.

P M Coleman:

This case is handled by Breytenbach Mavuso Attorneys and is regarding a CCMA case. Notice of motion to set aside the arbitration award in favour of Council was referred to the Labour Court by IMATU on 24 June 2011. No liability for Council at this stage.

Telkom Limited SA/DLM:

This case is handled by Breytenbach Mavuso Attorneys and is regarding a claim that Telkom lodged against the Dihlabeng Local Municipality to the amount of R141 514. Telkom claim that a sewerage spillage damaged their equipment. Possible liability of R141 514.

Udumo Trading 147 CC:

This case is handled by Breytenbach Mavuso Attorneys and is regarding a claim that Udumo Trading lodged against the Dihlabeng Local Municipality for R1 159 000. Udumo claim that they completed a reservoir in Clarens and was not fully paid. Possible liability of R1 159 000.

Mrs J Kieyhans:

This case is handled by Breytenbach Mavuso Attorneys and is regarding a claim after falling into an open manhole and then lodged a claim against the Dihlabeng Local Municipality to the amount of R100 000. Possible liability of R100 000.

Mr I M Skhula:

This case is handled by Breytenbach Mavuso Inc and is regarding the application for a claim against his pension fund for losses to Council. No liability for Council.

Wage curve agreements:

Dihlabeng has not been task graded as yet and therefore the new T scales cannot be implemented. No job grade evaluations has been done either for the posts at DLM. Since this information is not available yet, no financial implications can be established. Only after the job evaluations has been accepted and approved by all the applicable parties a financial implication can be calculated.

Dihlabeng Local Municipality

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39. Contingencies (continued)

N and C Maintenance and Spares (Pty) Ltd:
This case is handled by Breitenbach Mavuso Inc. and is regarding an outstanding payment for services rendered by N and C Maintenance and Spares (Pty) Ltd. Possible liability has not yet been established.

HJ van de Berg:
This case is handled by Breitenbach Mavuso Inc and is regarding an insurance claim that is lodged by HJ van de Berg. The claimant was injured by falling on the sidewalk. Possible liability of R480 000.

SM Kubheka:
This case is handled by Breitenbach Mavuso Inc. SM Kubheka disputes an illegal agreement of sale. No liability for Council at this stage.

South African Municipal Workers Union (SAMWU) National Provident Fund:
This case is handled by Breitenbach Mavuso Inc. The SAMWE Provident Fund is claiming an amount of R2 370 801 for loss of income due to the fact that dismissed employees changed pension funds. Possible liability of R2 370 801.

GT Enslin and ZT Enslin:
This case is handled by Symington and De Kok Attorneys, Bloemfontein, and is regarding a motor accident claim of Mr GT Enslin and ZT Enslin to the amount of R872 381. It must be noted that this is also an insurance claim. Possible liability of R872 381.

40. Related parties

Relationships
Municipal staff member managing the pound
Close family member of key management
Sekanou Rental and Trading CC 2010/027020/23 of
Mr CP Changube (Pound master)
Dinata Advisory Services (Pty) Ltd 2007/034357/07
of Mr R Provis (Chief Financial Officer)

Related party transactions

Purchases from (sales to) related parties
Sekanou Rental and Trading CC
Dinata Advisory Services (Pty) Ltd
2 860 000 - 82 280
7 691 100

41. Prior period errors

Transactions relating to the previous reporting period were re-stated as a result of information which became available after the reporting period.

The correction of the error(s) results in adjustments as follows for the reporting period

- Property, plant and equipment - asset of the prior year were re-stated due to incorrectly opening and closing balances on asset register.
- Receivables from non-exchange transactions - provision were made for the debtors amount outstanding at year-end.
- Unspent conditional grants - part of the Library grant were spent before the previous year-end.
- Depreciation - assets that were previously not on the asset register had to be accounted for including depreciation relating to these assets
- Profit on disposal of assets - assets that were taken off in the prior year had to be restated and the relevant profit / (loss) recognised in the previous financial year had to be reversed.
- Consumer debtors - Correction of debtors balance that was written back to income.

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41. Prior period errors (continued)		
Statement of financial position		
Property, plant and equipment	2 766 172	-
Consumer debtors	(5 849 451)	-
Unspent conditional grants	338 764	-
Receivables from non exchange transactions	2 622 942	-
Opening Accumulated Surplus or Deficit	(2 766 172)	-
Statement of Financial Performance		
Debtors written back	5 849 451	-
Grants received	(338 764)	-
Fines income	(2 622 942)	-
Cash flow statement		
42. Risk management		
Liquidity risk		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.		
Interest rate risk		
Interest rate risk is defined as the risk that the fair value of future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest rate changes.		
Credit risk		
Credit risk is defined as the risk that one party to a financial instrument will fail to honour their obligation, thus causing the other party to incur a financial loss.		
Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors.		
The municipality limits its counterparty exposures from its money market investment operations by only dealing with well established financial institutions of high quality credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's investment policy. These limits are reviewed annually by the CFO and authorised by the executive mayoral committee.		
Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit valuations are performed on the financial condition of these debtors. Consumers debtors are presented net of an allowance for doubtful debt. Outstanding accounts are followed up monthly and the supply of electricity accounts not paid on due dates are cut immediately.		
Price risk		
Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.		
43. Going concern		
We draw attention to the fact that at 30 June 2014, the municipality had accumulated surplus of R1 703 354 235 and that the municipality's total assets exceed its liabilities by R1 703 354 235.		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		

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43. Going concern (continued)

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

44. Unauthorised expenditure

Unauthorised expenditure for the year
Written off in the current year

16 466 994	126 077 221
-	(126 077 221)
16 466 994	-

Unauthorised expenditure of the current year must still be taken to Council for investigation.

Unauthorised expenditure of the prior year was written off by Section 52 D report on 21 August 2013. (Council resolution nr 81/2013).

45. Fruitless and wasteful expenditure

Interest and penalties paid to SARS
Interest paid on Bethlehem Hydro account
Interest paid on Eskom account
Interest on arrears on DBSA and INCA loans
Interest on overdue account - Mashinini Enterprise

1 518 991	1 161 907
1 028 572	27 917
7 380 489	4 443 799
1 296 077	621 391
74 421	133 774
11 298 550	6 388 788

Interest and penalties paid on Eskom, SARS, DBSA loan and the INCA loan occurred due to cash flow constraints during the year.

Fruitless and wasteful expenditure was condoned. Unauthorised expenditure of the prior year was condoned by MPAC on 17 August 2012. (Council resolution nr 152/2012).

46. Irregular expenditure

Opening balance
Add: Irregular Expenditure - current year
Less: Amounts written off

65 686 137	-
54 494 491	48 405 743
-	(114 091 880)
54 494 491	-

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46. Irregular expenditure (continued)

Details of irregular expenditure – current year (the following irregular expenditures were referred to MPAC for investigation)

Fanas Outfitters CC	108 300	Proper supply chain processes were not followed for procurement of Mandela day t-shirts.
Lateral union insurance	8 599 620	Proper supply chain processes were not followed for procurement of insurance service. New service level agreement was signed without going on tender after the contract was already extended.
MVD Xarhep Consulting	258 313	Proper supply chain processes were not followed and the appointment of the supplier was risk based. The appointment was for the consulting service for installation of outfall sewer pipe in bohlokong.
Ndlovu Ngwenyama Civil	2 996 205	Proper supply chain processes were not followed for the appointment of contractors on turn key projects in Paul Poux.
Cyanko Security	11 673 375	The tendered amount for the rendering of security services was exceeded due to the increased number of guards requested by user departments.
Kgalapa Training Institution	232 734	Proper supply chain processes were not followed for the training of unskilled people.
GC Tech	302 505	Proper supply chain processes were not followed for the appointment of IT goods and services. GC Tech is a sub-contractor of BC Solutions.
Kopanong Services	2 423 756	Proper supply chain processes were followed for the tender. The initial tender was awarded but the supplier could not deliver on the terms and conditions. Kopanong was the second best tenderer and they were appointed to ensure service delivery is not hampered as it relates to the reading of water and electricity meters.
Little Venice	137 545	Proper supply chain processes were followed for the tender. The initial tender was awarded but the supplier could not deliver on the terms and conditions. They were sub-contractors.
Mashini Enterprise Plant Hire	9 411 840	Misleading information was submitted by the competitive bidder and the contract was awarded to Mashini for the maintenance of the landfill site. Proper supply chain processes were followed for the tender. The initial tender was awarded but the supplier could not deliver on the terms and conditions. The manufacturer that supplied the service provider was used to supply the municipality with chemicals.
Marwin Marketing	2 223 618	Proper supply chain processes were not followed for the supply of IT goods and services.
Bohlokong Computer Solution	6 293 511	Proper supply chain processes were not followed and the appointment for the supplier was risk based. The tender was for the sourcing of additional funding for the installation of meters.
Rud Nut projects	9 833 168	

54 494 490

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46. Irregular expenditure (continued)

Details of irregular expenditure prior year written off in the current year

9 411 840	Mashini Enterprise Plant Hire - Misleading information was submitted by the competitive bidder and the contract was awarded to Mashini for the maintenance of the landfill site. Proper supply chain processes were not followed Council resolution 97/2013 dated 29 August 2013	1 087 970
1 078 076	Magelepo Office Supplies - Proper supply chain processes were not followed and the tender was for the sourcing of additional funding for project.	1 078 076
1 503 962	Marwin Marketing - Property supply chain processes were not followed for the tender. The initial tender was awarded but the supplier could not deliver on the terms and conditions. The manufacturers that supplied the services was used to supply the municipality with chemicals. Izngawet Zomzansi Consulting & Project Management - Proper supply chain processes were not followed for the procurement of special investigation due to the security risk. It was therefore not possible to call tenders due to the timing requirements.	343 872
217 384	Proper supply chain processes were not followed MPAC resolution number MPAC/1 dated 2013/06/13 for the procurement of body guards as it was an emergency as a result of the security risk. It was therefore not possible to call tenders due to the timing requirements.	217 384
10 052 906	The tendered amount for the rendering of security services was exceeded due to the increased number of guards required. Bohokong Computer Solutions - Proper supply chain processes not followed for the supply of IT goods and services.	4 549 847
3 253 361	Proper Consulting Engineers - Proper supply chain processes were not followed for the appointment of contractors on turn key projects. Seleke Attorneys - No tender processes followed for the selection of Attorneys to handle a legal case on behalf of Councilor PD Lengobala. Kgalepa Training Institution - Proper supply chain processes were not followed for the training of unskilled staff members.	3 253 361
151 634	MPAC resolution number MPAC/1 dated 2013/06/13	151 634
190 419	MPAC resolution number MPAC/1 dated 2013/06/13	190 419
124 251	MPAC resolution number MPAC/1 dated 2013/06/13 Little Venice Trading 513 CC - Proper supply chain processes were not followed for the tender. The initial tender was awarded but the supplier could not deliver on the terms and conditions. They were sub-contractors.	124 251
237 178	MPAC resolution number MPAC/1 dated 2013/06/13 GC Tech - Proper supply chain processes were not followed for the appointment of IT goods and services. GC Tech is a sub-contractor of BC Solutions.	237 178

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46. Irregular expenditure (continued)

187 622	MPAC resolution number MPAC/1 dated 2013/06/13	The tender amount for supply and delivery of protective clothing was exceeded due to the variation order that resulted from additional requirements from user department. The additional protective clothing required. Proper supply chain processes were followed for the tender. The initial tender was awarded but the supplier could not deliver on the terms and conditions. Kopanong was the second best tenderer and they were appointed to ensure service delivery is not hampered as it relates to the reading of water and electricity meters. Dinalata Advisory Services - Proper supply chain processes were not followed for the revenue enhancement programme.
206 977	MPAC resolution number MPAC/1 dated 2013/06/13	Boiketlo Consulting Engineers - Proper supply chain processes were not followed for the appointment of contractors on the turn key project.
7 653 238	Proper supply chain processes were not followed Council resolution 97/2013 dated 29 August 2013	and the appointment of the supplier was risk based. The tender was for the sourcing of additional funding for the installation of meters. Proper supply chain processes were not followed Council resolution 97/2013 dated 29 August 2013 for the appointment of contractors on the turn key project.
458 818	Council resolution 97/2013 dated 29 August 2013	The tendered amount for refurbishment of swimming pool was exceeded due to the variation order. It was not possible to complete the project as per the specifications provided as additional requirements arose during the refurbishment process.
693 653		Worley Parsons was appointed for the updating of the asset register for the 2010/11 financial year. During the compilation of the 2010/11 financial statements the municipality did not have the capacity to update the asset register and therefore extended Worley Parsons contract as they were already familiar with our asset and therefore would speed up the updating of the asset register.

48 405 743

47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee 1 614 080
Amount paid - current year -

Audit fees

Current year subscription / fee 5 105 579
Amount paid - current year (4 688 405)

47 373 -

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47. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Opening balance
Current year subscription / fee
Amount paid - current year
Amount paid - previous years

1 433 492	1 988 037
19 419 198	17 589 641
(17 787 402)	(16 156 149)
(1 433 492)	(1 988 037)
1 631 796	1 433 492

Pension and Medical Aid Deductions

Opening balance
Current year subscription / fee
Amount paid - current year
Amount paid - previous years

3 789 800	4 473 020
44 688 898	41 694 233
(40 872 962)	(37 904 433)
(3 789 800)	(4 473 020)
3 815 936	3 789 800

VAT

VAT payable

14 810 342	4 404 827
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47. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014:

30 June 2014	Outstanding less than 90 days	Outstanding more than 90 days	Total
30 June 2014	127 679	182 464	310 143
PD Lengoabala	107 110	102 666	209 776
NN Nzimande	4 460	29 354	33 814
PP Mokoena	-	795	795
TA Masoeu	3 019	3 345	6 364
TM Mofokeng	2 156	3 120	5 276
TMH Mofokeng	1 352	1 316	2 668
DM Mofokeng	3 419	11 526	14 945
MS Mofokeng	1 759	1 739	3 498
J Nhlapo	1 796	22 128	23 924
JT Mokoena	2 608	6 475	9 083
30 June 2013	27 091	342 035	369 126
PD Lengoabala	13 828	196 728	210 556
NN Nzimande	4 290	116 375	120 665
PR Mofokeng	1 235	17 507	18 742
TJ Seekane	596	5 423	6 019
HE Mokoena	1 594	3 715	5 309
TA Masoeu	2 702	261	2 963
MSTV Mofokeng	832	1 125	1 957
TV Mofokeng	1 268	431	1 699
MR Mokoena	746	470	1 216

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2014	Highest outstanding amount	Ageing (in days)
30 June 2014	310 143	1 200
PD Lengoabala	209 776	120
NN Nzimande	33 814	120
J Nhlapo	23 924	120
DM Mofokeng	14 945	120
JT Mokoena	9 083	120
TA Masoeu	6 364	120
TM Mofokeng	5 276	120
MS Mofokeng	3 498	120
THM Mofokeng	2 668	120
TA Masoeu	795	120

The councillors made arrangements during the current financial year to settle their arrear accounts.

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47. Additional disclosure in terms of Municipal Finance Management Act (continued)

30 June 2013

Highest outstanding amount (in days)	
120	PD Lengobala
120	NN Nzimande
120	PR Mofokeng
120	TJ Seekane
120	HE Mokoena
120	TA Masoeu
120	MSTV Mofokeng
120	TV Mofokeng
120	MR Mokoena
369 126	
1 080	

The councillors made arrangements during the current financial year to settle their arrear accounts.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council.

Incident

Emergencies	3 215 837	452 303
Sole providers	1 996 995	1 233 084
Entertainment	-	155 000
Mayoral donation/disaster	-	491 814
	5 212 832	2 332 201

The above-mentioned deviations were reported to council.

A full list containing the details of the deviations is available for inspection at the offices of the municipality.

48. Operating lease expenses

Projected expenses for the lease - Fleet hire

- within one year	16 421 142	11 033 707
- in second to fifth year inclusive	-	11 033 707
	16 421 142	22 067 414

R -).

The unguaranteed residual values of assets leased under finance lease at the end of the reporting period amount to R - (2013:

The municipality entered into finance leasing arrangements for certain of its motor vehicles and equipment.

The average lease terms are 2 years and the average effective lending rate was 9% (2013: 9%).

None of the trade and other receivables have been pledged as security for liabilities or contingent liabilities.

49. Financial instruments disclosure

50. Operating lease income

Projected income from operating lease agreements

- within one year	2 266 730	1 695 116
- in second to fifth year inclusive	-	2 121 465
- longer than five years	-	6 083 311

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50. Operating lease income (continued)

Rental contracts for the different flats (100), vacant land (7) and houses (160) are signed for a period of 12 months, thereafter the contract is done on a month to month basis. All the house and flat contracts got a month notice period. New tenants are normally found within that period. The projected income are thus only included in the period within one year. Contacts for business premises (7) rental are signed for a periods from 3 year to 9 years and 11 months. Escalation on these contracts are done on an annual basis linked to the inflation rate.

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51. Budget differences

Dihlabeng Local Municipality Appendix A

Schedule of external loans as at 30 June 2013

Loan Number	Redeemable	Balance at 30 June 2013	Redeemed written off during the period	Balance at 30 June 2014
		Rand	Rand	Rand
Development Bank of South Africa				
Long-term loan (restructured loan)	61006906	2022/12/31		
		38 698 314	2 188 813	36 509 501
		38 698 314	2 188 813	36 509 501
INCA				
Long-term loan	1264	2013/07/31		
Long-term loan	2813	2013/11/30		
		1 377 746	1 264 226	113 520
		719 455	492 954	226 501
		2 097 201	1 757 180	340 021
Total external loans				
Development Bank of South Africa		38 698 314	2 188 813	36 509 501
INCA		2 097 201	1 757 180	340 021
		40 795 515	3 945 993	36 849 522

Dinlabeng Local Municipality
Dinlabeng Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2013
Cost/Revaluation
Accumulated depreciation

Opening Balance	Additions	Disposals	Transfers	Closing Balance	Accumulated depreciation on disposals / write offs / impairment	Disposals	Depreciation	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings									
Land - owned	422 725 000	-	-	422 725 000	-	-	(230 268)	(230 268)	422 725 000
Land - Solid waste	3 914 559	-	-	3 914 559	-	-	(596 761)	(596 761)	3 684 291
Buildings - Solid waste	11 760 336	-	-	11 760 336	-	-	(827 029)	(827 029)	11 163 575
	438 399 895	-	-	438 399 895	-	-	(827 029)	(827 029)	437 572 866
Infrastructure									
Water	294 073 172	8 720 764	-	-	-	-	(12 794 448)	(12 794 448)	289 999 488
Sewer	276 031 127	2 297 170	-	-	-	-	(13 036 319)	(13 036 319)	265 289 978
Roads	247 556 332	12 888 131	-	-	-	-	(19 139 540)	(19 139 540)	241 304 923
Electricity	123 159 333	579 229	-	-	-	-	(6 990 609)	(6 990 609)	116 747 953
Railways	37 921 130	-	-	-	-	-	(2 708 652)	(2 708 652)	35 212 478
WIP	101 002 278	85 511 385	(34 987 180)	-	-	-	-	-	151 526 487
	1 079 743 372	109 996 683	(34 987 180)	-	-	-	(54 671 568)	(54 671 568)	1 100 081 307
Community Assets									
Land	140 301 863	-	-	-	-	-	(8 905 949)	(8 905 949)	140 301 863
Buildings	120 396 028	29 188 089	-	-	-	-	(8 905 949)	(8 905 949)	140 678 168
	260 697 891	29 188 089	-	-	-	-	(8 905 949)	(8 905 949)	280 980 031

Dhlabeng Local Municipality
Dhlabeng Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2013
Cost/Revaluation
Accumulated depreciation

Opening Balance	Additions	Disposals	Transfers	Closing Balance	Accumulated depreciation on disposals / write off / impairment	Disposals	Depreciation	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Other assets									
Motor vehicles	7 972 718	-	-	7 585 767	221 994	-	(1 326 493)	(1 104 499)	6 481 268
Office equipment	5 305 014	599 267	(386 951)	4 190 578	992 838	-	(2 051 167)	(1 058 329)	3 132 249
Bins and containers	602 810	-	(1 703 613)	602 810	-	-	(76 340)	(18 259)	525 470
Emergency Equipment	182 394	-	(1 562)	180 832	691	-	(18 950)	(18 259)	162 573
Furniture and equipment	1 664 715	667 450	(239 248)	2 312 917	111 079	-	(399 033)	(287 954)	2 025 963
Game stock	1 289 900	(149 700)	-	1 150 200	-	-	(279)	(279)	1 150 200
Security equipment	1 114	-	-	1 114	-	-	(1 579 782)	(1 286 698)	835
Plant and equipment	8 172 593	265 083	(457 755)	7 979 921	293 084	-	-	-	6 693 223
	25 421 258	1 382 100	(2 789 129)	24 004 139	1 619 686	-	(5 452 044)	(3 832 358)	20 171 781
Total property plant and equipment									
Land and buildings	438 399 695	-	-	438 399 695	-	-	(827 029)	(827 029)	437 572 666
Infrastructure	1 079 743 572	109 996 683	(34 987 180)	1 154 752 875	-	-	(54 671 566)	(54 671 566)	1 100 081 307
Community Assets	280 687 891	29 188 089	-	289 885 980	-	-	(8 905 949)	(8 905 949)	280 980 031
Other assets	25 421 258	1 382 100	(2 789 129)	24 004 139	1 619 686	-	(5 452 044)	(3 832 358)	20 171 781
	1 804 262 416	140 566 872	(37 776 309)	1 907 042 889	1 619 686	-	(69 856 590)	(68 236 904)	1 838 805 985
Intangible assets									
Computer software	259 853	-	-	259 853	-	-	(226 009)	(226 009)	43 934
	259 853	-	-	259 853	-	-	(226 009)	(226 009)	43 934
Investment properties									
Investment property	76 471 194	-	-	76 471 194	-	-	-	-	76 471 194
	76 471 194	-	-	76 471 194	-	-	-	-	76 471 194
Total									
Land and buildings	438 399 695	-	-	438 399 695	-	-	(827 029)	(827 029)	437 572 666
Infrastructure	1 079 743 572	109 996 683	(34 987 180)	1 154 752 875	-	-	(54 671 566)	(54 671 566)	1 100 081 307
Other assets	25 421 258	1 382 100	(2 789 129)	24 004 139	1 619 686	-	(5 452 044)	(3 832 358)	20 171 781
Intangible assets	259 853	-	-	259 853	-	-	(226 009)	(226 009)	43 934
Investment properties	76 471 194	-	-	76 471 194	-	-	-	-	76 471 194
	1 880 993 463	140 566 872	(37 776 309)	1 983 784 026	1 619 686	-	(70 082 599)	(68 462 913)	1 915 321 113

Dhlabeng Local Municipality Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2013 Cost/Revaluation

Accumulated Depreciation

Opening Balance	Additions	Disposals	Closing Balance	Transfers	Accumulated depreciation on disposals / write offs / impairment	Depreciation	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Municipality								
Mayor	494 824	24 557	(1 661)	517 720	-	(15 896)	(15 896)	501 824
Finance & Admin/Finance	54 612 166	2 710 229	(183 252)	57 139 105	-	(1 754 420)	(1 754 420)	55 384 685
Planning and Development/Economic Development/Plan	2 530 907	130 564	(8 830)	2 752 641	-	(84 518)	(84 518)	2 668 123
Corporate services	4 737 863	235 125	(15 901)	4 957 087	-	(152 204)	(152 204)	4 804 883
Comm. & Social/Libraries and archives	590 028 939	29 281 173	(1 980 276)	617 327 836	-	(18 954 659)	(18 954 659)	598 373 177
Municipal office administration	5 441 082	270 024	(18 252)	5 692 844	-	(174 795)	(174 795)	5 518 049
Municipal manager administration	75 054 699	3 724 728	(251 902)	78 527 525	-	(2 411 138)	(2 411 138)	76 116 387
Sport and Recreation	-	-	(9 677)	(9 677)	-	-	(9 677)	(19 354)
Waste Water Management/Sewerage	-	-	127 582	127 582	-	-	127 582	255 164
Road Transport/Roads	-	-	(174 409)	(174 409)	-	-	(174 409)	(148 818)
Water/Water Distribution	-	-	(125 504)	(125 504)	-	-	(125 504)	(251 006)
Electricity /Electricity Distribution	-	-	(40 738)	(40 738)	-	-	(40 738)	(81 476)
Public Works	1 071 263 935	104 190 473	(35 316 185)	1 140 138 223	(10 090)	(46 308 960)	(44 699 712)	1 095 438 511
	1 804 262 417	140 566 873	(37 899 055)	1 906 930 235	(18 090)	(69 856 590)	(68 370 088)	1 838 560 147
Total	1 904 262 417	140 566 873	(37 899 055)	1 906 930 235	(18 090)	(69 856 590)	(68 370 088)	1 838 560 147

Dihlabeng Local Municipality Appendix D

Segmental Statement of Financial Performance for the year ended Prior Year Current Year

Actual Income	Actual Expenditure	Surplus/(Deficit)	Actual Income	Actual Expenditure	Surplus/(Deficit)
Rand	Rand	Rand	Rand	Rand	Rand
Municipality					
110 254 089	78 362 277	31 891 812	140 883 175	96 119 239	44 763 936
90 767 441	30 993 064	59 774 377	109 135 655	133 715 705	(24 580 050)
710 670	10 991 175	(10 280 505)	570 594	12 435 401	(11 864 807)
		Development/Plan			
1 333 548	13 978 401	(12 644 853)	1 513 717	14 581 132	(13 067 415)
702 486	86 963 496	(86 261 010)	5 441 883	9 359 142	(3 917 259)
4 667 936	12 194 153	(7 526 217)	144 715	4 983 397	(4 838 682)
141 522 474	156 993 377	(15 470 903)	81 743 509	145 534 378	(63 790 869)
181 055 290	112 964 847	68 090 443	1 645 094	59 694 311	(58 049 217)
		Road Transport/Roads			
531 013 934	503 440 790	27 573 144	341 078 342	476 422 705	(135 344 363)
Municipal Owned Entities					
Other charges					
531 013 934	503 440 790	27 573 144	341 078 342	476 422 705	(135 344 363)
Total					
531 013 934	503 440 790	27 573 144	341 078 342	476 422 705	(135 344 363)

Dinlabeng Local Municipality Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2013

	Current year 2013		Current year 2013		Variance		Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal.		Adjusted budget		Rand	Var	
Revenue							
Rendering of services	1 543 677		-		1 543 677	-	
Property rates	66 850 440		64 651 705		2 198 735	3,4	Consumers used less services than anticipated.
Service charges	271 130 670		228 998 856		42 131 814	18,4	More consumers rented the facilities of the Municipality.
Rental of facilities and equipment	3 555 596		2 077 546		1 478 050	71,1	The increase is due to the increase in debtors. A new system was implemented for traffic fines which exceeded expectations.
Interest received - accounts receivable	23 060 999		21 444 024		1 616 975	7,5	More consumers paid for licences.
Fines	4 571 578		514 051		4 057 527	789,3	More government grants were received
Licences and permits	86 343		20 385		65 958	323,6	
Other income	232 969 363		192 541 965		40 427 398	21,0	
	603 768 666		510 248 532		93 520 134	18,3	
Expenses							
Employee costs	(158 209 029)		(153 330 046)		(4 878 983)	3,2	
Remuneration of councillors	(13 060 025)		(11 420 926)		(1 639 099)	14,4	The anticipated additions and impairment of assets during the year could not be determined when the budget was prepared.
Depreciation	(70 368 715)		(30 634 742)		(39 733 973)	129,7	The DBSA loan was re-structured during the year and therefore the increase in the finance costs. The increase in the debt impairment was due to the non-payment of service accounts.
Finance costs	(10 780 612)		(4 733 953)		(6 046 659)	127,7	More expenditure were capitalised instead of doing repairs and maintenance.
Debt impairment	(86 051 120)		(23 001 686)		(63 049 434)	274,1	The cost for the meter reading services increased as the disconnection of services are also included in contracted services.
Repairs and maintenance - General	(19 433 831)		(30 000 000)		10 566 169	(35,2)	More indigents received a subsidy than what was budgeted for.
Bulk purchases	(107 918 163)		(121 626 142)		13 707 979	(11,3)	
Contracted Services	(2 008 159)		(2 280 000)		271 841	(11,9)	
Grants and subsidies paid	(9 138 285)		(16 056 000)		6 917 715	(43,1)	
General Expenses	(114 086 333)		(119 165 037)		5 078 704	(4,3)	
	(591 054 272)		(512 248 532)		(78 805 740)	15,4	
Net surplus/ (deficit) for the year	12 714 394		(2 000 000)		14 714 394	(735,7)	

Dihlabeng Local Municipality
Appendix E(2)

**Budget Analysis of Capital Expenditure as at 30 June
2013**

	Additions Rand	Original Budget Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Municipality						
Property plant and equipment	140 716 573	75 733 000	-	(140 716 573)	-	The variance is due to capital projects that is still work in progress and should be completed in the next financial year.
	140 716 573	75 733 000	-	(140 716 573)	-	

Ditlabeng Local Municipality
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipality	Quarterly Receipts				Quarterly Expenditure				Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
Equitable Share	National Government	53 903 000	43 122 000	33 342 000	-	130 367 000	130 367 000	130 367 000	130 367 000	Yes
Municipal Systems Improvement Grant	National Government	800 000	-	-	-	200 000	200 000	200 000	200 000	Yes
Municipal Infrastructure Grant	National Government	21 803 000	-	20 844 000	-	4 012 552	11 651 497	15 377 283	11 605 668	Yes
Financial Management Grant	National Government	1 500 000	-	-	-	375 000	375 000	375 000	375 000	Yes
Department of Water Affairs Grant	National Government	5 884 228	12 567 131	10 096 956	6 562 383	11 556 780	12 787 112	4 362 876	7 387 708	Yes
EPWP Grant	National Government	400 000	300 000	300 000	-	28 140	95 065	674 942	201 853	Yes
		-	-	-	-	-	-	-	-	Yes
		84 290 228	55 989 131	64 582 956	6 562 383	146 539 472	155 475 674	151 357 101	150 137 229	

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Dihlabeng Local Municipality
Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2014

2014/2013															2013/2012				
Revenue - Standard	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Adjustments budget	Shifting of funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome				
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand				
Governance and administration	245 276	-	245 276	-	-	245 276	243 607	-	(1 669)	99 %	99 %	-	-	-	277 827				
Executive and council	130 507	-	130 507	-	-	130 507	129 644	-	(863)	99 %	99 %	-	-	-	185 056				
Budget and treasury office	106 216	-	106 216	-	-	106 216	106 216	-	-	100 %	100 %	-	-	-	90 767				
Corporate services	8 553	-	8 553	-	-	8 553	7 747	-	(806)	91 %	91 %	-	-	-	2 004				
Community and public safety	5 224	-	5 224	-	-	5 224	2 285	-	(2 939)	44 %	44 %	-	-	-	4 182				
Community and social services	1 631	-	1 631	-	-	1 631	2 285	-	654	140 %	140 %	-	-	-	3 141				
Sport and recreation	108	-	108	-	-	108	-	-	(108)	- %	- %	-	-	-	-				
Public safety	3 201	-	3 201	-	-	3 201	-	-	(3 201)	- %	- %	-	-	-	678				
Housing	284	-	284	-	-	284	-	-	(284)	- %	- %	-	-	-	363				
Health	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	-				
Economic and environmental services	658	-	658	-	-	658	52 298	-	51 640	7 946 %	7 946 %	-	-	-	346				
Planning and development	639	-	639	-	-	639	565	-	(74)	88 %	88 %	-	-	-	347				
Road transport	19	-	19	-	-	19	51 733	-	51 714	272 279 %	272 279 %	-	-	-	(1)				
Environmental protection	-	-	-	-	-	-	-	-	-	DNV/O %	DNV/O %	-	-	-	-				
Trading services	272 017	-	272 017	-	-	272 017	305 578	-	33 561	112 %	112 %	-	-	-	250 095				
Electricity	146 493	-	146 493	-	-	146 493	143 721	-	(2 772)	98 %	98 %	-	-	-	134 965				
Water	48 427	-	48 427	-	-	48 427	85 574	-	37 147	177 %	177 %	-	-	-	44 512				
Waste water management	38 701	-	38 701	-	-	38 701	38 080	-	(621)	98 %	98 %	-	-	-	35 934				
Waste management	38 396	-	38 396	-	-	38 396	38 203	-	(193)	99 %	99 %	-	-	-	34 684				
Other	-	-	-	-	-	-	-	-	-	DNV/O %	DNV/O %	-	-	-	-				
Total Revenue - Standard	523 175	-	523 175	-	-	523 175	603 768	-	80 593	115 %	115 %	-	-	-	532 450				

Dhlabeng Local Municipality

Appendix G1

Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2014

2014/2013

2013/2012

	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Adjustments budget	Shifting of funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration	351 556	-	351 556	-	-	351 556	277 159	-	(74 397)	79 %	79 %	180 391	166 971	(13 420)	217 111
Executive and council	89 325	-	89 325	-	-	89 325	100 435	-	11 110	112 %	112 %	17 297	1 569	(5 729)	84 144
Budget and treasury office	139 747	-	139 747	-	-	139 747	35 819	-	(103 928)	26 %	26 %	173 094	165 403	(7 691)	30 183
Corporate services	122 484	-	122 484	-	-	122 484	140 905	-	18 421	115 %	115 %	-	-	-	102 784
Community and public safety	34 072	-	34 072	-	-	34 072	21 768	-	(12 304)	64 %	64 %	30 615	30 615	-	26 296
Community and social services	17 987	-	17 987	-	-	17 987	21 768	-	3 781	121 %	121 %	19 354	19 354	-	13 185
Sport and recreation	5 317	-	5 317	-	-	5 317	-	-	(5 317)	- %	- %	6 870	6 870	-	3 403
Public safety	8 479	-	8 479	-	-	8 479	-	-	(8 479)	- %	- %	4 391	4 391	-	7 914
Housing	2 289	-	2 289	-	-	2 289	-	-	(2 289)	- %	- %	-	-	-	1 794
Health	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	-
Economic and environmental services	44 281	-	44 281	-	-	44 281	20 100	-	(24 181)	45 %	45 %	9 820	9 820	-	31 729
Planning and development	12 498	-	12 498	-	-	12 498	2 996	-	(9 502)	24 %	24 %	27	27	-	7 184
Road transport	31 783	-	31 783	-	-	31 783	17 104	-	(14 679)	54 %	54 %	9 793	9 793	-	24 545
Environmental protection	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	-
Trading services	182 716	-	182 716	-	-	182 716	272 027	-	89 311	149 %	149 %	2 512	2 512	-	228 275
Electricity	127 256	-	127 256	-	-	127 256	133 772	-	6 516	105 %	105 %	638	638	-	95 151
Water	19 829	-	19 829	-	-	19 829	14 147	-	(5 782)	71 %	71 %	1 874	1 874	-	12 012
Waste water management	17 668	-	17 668	-	-	17 668	101 608	-	83 910	574 %	574 %	-	-	-	97 771
Waste management	17 633	-	17 633	-	-	17 633	22 500	-	4 867	128 %	128 %	-	-	-	23 341
Other	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	-
Total Expenditure - Standard	612 625	-	612 625	-	-	612 625	591 054	-	(21 571)	96 %	96 %	223 338	209 918	(13 420)	503 411
Surplus/(Deficit) for the year	(89 450)	-	(89 450)	-	-	(89 450)	12 714	-	102 164	(14) %	(14) %	-	-	-	29 039

Dihlabeng Local Municipality

Appendix G2

Budgeted Financial Performance (revenue and expenditure by municipal vote)

for the year ended 30 June 2014

2014/2013

2013/2012

Revenue by Vote	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MFMA)		Final adjustments budget		Shifting of funds (i.e. s31 of the MFMA)		Virement (i.e. Council approved policy)		Final Budget		Actual Outcome		Unauthorised expenditure		Variance		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Reported unauthorised expenditure		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered		Restated Audited Outcome	
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Municipal Manager	1 140	-	-	-	1 140	-	-	-	-	-	1 140	-	216 019	-	-	-	214 879	-	18 949 %	-	18 949 %	-	-	-	-	-	-	-	-	(4 029)
Community Services	43 201	-	-	-	43 201	-	-	-	-	-	43 201	-	16 894	-	-	-	(26 507)	-	39 %	-	39 %	-	-	-	-	-	-	-	-	35 638
Corporate Services	212	-	-	-	212	-	-	-	-	-	212	-	-	-	-	-	(212)	-	100 %	-	100 %	-	-	-	-	-	-	-	-	(2 921)
Councillors	129 367	-	-	-	129 367	-	-	-	-	-	129 367	-	129 367	-	-	-	(3 684)	-	96 %	-	96 %	-	-	-	-	-	-	-	-	118 346
Finance	98 311	-	-	-	98 311	-	-	-	-	-	98 311	-	94 647	-	-	-	(1)	-	94 %	-	94 %	-	-	-	-	-	-	-	-	90 767
Local Economic Development	18	-	-	-	18	-	-	-	-	-	18	-	17	-	-	-	(1)	-	94 %	-	94 %	-	-	-	-	-	-	-	-	86
Public Works	243 022	-	-	-	243 022	-	-	-	-	-	243 022	-	147 024	-	-	-	(95 998)	-	60 %	-	60 %	-	-	-	-	-	-	-	-	293 646
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	515 271	-	-	-	515 271	-	-	-	-	-	515 271	-	603 768	-	-	-	88 497	-	117 %	-	117 %	-	-	-	-	-	-	-	-	532 513
Expenditure by Vote to be appropriated																														
Municipal Manager	49 940	-	-	-	49 940	-	-	-	-	-	49 940	-	251 426	-	14 840	-	201 486	-	503 %	-	503 %	-	9 454	-	5 064	-	-	-	-	52 380
Community Services	47 266	-	-	-	47 266	-	-	-	-	-	47 266	-	11 315	-	9 599	-	(35 951)	-	24 %	-	24 %	-	19 354	-	19 354	-	-	-	-	48 648
Corporate Services	100 475	-	-	-	100 475	-	-	-	-	-	100 475	-	89 700	-	-	-	(10 775)	-	89 %	-	89 %	-	-	-	-	-	-	-	-	98 379
Councillors	41 013	-	-	-	41 013	-	-	-	-	-	41 013	-	52 251	-	903	-	11 236	-	127 %	-	127 %	-	2 234	-	1 731	-	-	-	-	29 048
Finance	139 747	-	-	-	139 747	-	-	-	-	-	139 747	-	35 819	-	138 884	-	(103 928)	-	26 %	-	26 %	-	173 094	-	173 094	-	-	-	-	30 183
Local Economic Development	7 474	-	-	-	7 474	-	-	-	-	-	7 474	-	8 330	-	-	-	856	-	111 %	-	111 %	-	-	-	-	-	-	-	-	4 961
Public Works	226 711	-	-	-	226 711	-	-	-	-	-	226 711	-	142 213	-	15 670	-	(84 498)	-	63 %	-	63 %	-	19 201	-	19 201	-	-	-	-	241 811
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DIV/0 %	-	DIV/0 %	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	612 626	-	-	-	612 626	-	-	-	-	-	612 626	-	591 054	-	180 096	-	(21 572)	-	96 %	-	96 %	-	223 337	-	218 444	-	(4 893)	-	-	503 410
Surplus/(Deficit) for the year	(97 355)	-	-	-	(97 355)	-	-	-	-	-	(97 355)	-	12 714	-	-	-	110 069	-	(13)%	-	(13)%	-	-	-	-	-	-	-	-	29 103

Dihlabeng Local Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2014

2014/2013														2013/2012													
Revenue By Source	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome												
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand												
Property rates	71 358	-	71 358	-	-	71 358	66 850	-	(4 508)	94 %	94 %	-	-	-	67 323												
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-												
Service charges - electricity revenue	147 171	-	147 171	-	-	147 171	145 335	-	(1 836)	99 %	99 %	-	-	-	129 197												
Service charges - water revenue	48 221	-	48 221	-	-	48 221	44 801	-	(3 420)	93 %	93 %	-	-	-	44 654												
Service charges - sanitation revenue	38 648	-	38 648	-	-	38 648	36 026	-	(622)	98 %	98 %	-	-	-	35 899												
Service charges - refuse revenue	37 308	-	37 308	-	-	37 308	37 248	-	(60)	100 %	100 %	-	-	-	34 368												
Service charges - other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-												
Rental of facilities and equipment	3 728	-	3 728	-	-	3 728	3 556	-	(172)	95 %	95 %	-	-	-	2 953												
Interest earned - external investments	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	9 420												
Interest earned - outstanding debtors	23 454	-	23 454	-	-	23 454	23 061	-	(393)	98 %	98 %	-	-	-	19 856												
Dividends received	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-												
Fines	3 129	-	3 129	-	-	3 129	4 576	-	1 447	146 %	146 %	-	-	-	641												
Licences and permits	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	28												
Agency services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-												
Transfers recognised - operational	131 667	-	131 667	-	-	131 667	132 667	-	1 000	101 %	101 %	-	-	-	117 091												
Other revenue	9 887	-	9 887	-	-	9 887	106 783	-	96 896	1 080 %	1 080 %	-	-	-	5 538												
Gains on disposal of PPE	700	-	700	-	-	700	865	-	165	124 %	124 %	-	-	-	1 500												
Total Revenue (excluding capital transfers and contributions)	515 271	-	515 271	-	-	515 271	603 768	-	88 497	117 %	117 %	-	-	-	468 471												

Dihlabeng Local Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2014

2014/2013														2013/2012			
Original Budget	Budget Adjustments (I.L.O. s28 and s31 of the MFMA)	Final Adjustments budget	Shifting of funds (I.L.O. s31 of the MFMA)	Virement (I.L.O. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome			
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand			
Expenditure By Type																	
Employee related costs	152 154	-	152 154	-	152 154	157 635	-	5 481	104 %	104 %	-	-	-	142 711			
Remuneration of councillors	11 842	-	11 842	-	11 842	13 060	-	1 218	110 %	110 %	-	-	-	12 888			
Debt impairment	115 243	-	115 243	-	115 243	86 051	-	(29 192)	75 %	87 %	85 709	85 709	-	85 709			
Depreciation & asset impairment	78 941	-	78 941	-	78 941	68 534	-	(10 407)	87 %	87 %	67 385	67 385	-	67 385			
Finance charges	4 734	-	4 734	-	4 734	15 858	-	11 124	335 %	335 %	6 528	6 528	-	6 219			
Bulk purchases	118 167	-	118 167	-	118 167	117 931	-	(236)	100 %	100 %	3 294	3 294	-	83 154			
Other materials	24 733	-	24 733	-	24 733	16 463	-	(8 270)	67 %	67 %	-	-	-	17 724			
Contracted services	27 920	-	27 920	-	27 920	2 008	-	(25 912)	7 %	7 %	41 220	36 326	(4 894)	10 376			
Transfers and grants	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-			
Other expenditure	78 893	-	78 893	-	78 893	113 514	-	34 621	144 %	144 %	-	-	-	73 384			
Loss on disposal of PPE	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	3 859			
Total Expenditure	612 627	-	612 627	-	612 627	581 054	180 097	(21 573)	96 %	96 %	204 136	199 242	(4 894)	503 409			
Surplus/(Deficit)	(97 356)	-	(97 356)	-	(97 356)	12 714	(180 097)	110 070	(13) %	(13) %	(204 136)	(199 242)	4 894	(34 938)			
Transfers recognised - capital	69 380	-	69 380	-	69 380	-	-	(69 380)	- %	- %	-	-	-	73 454			
Contributions recognised - capital	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-			
Contributed assets	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-			
Surplus/(Deficit) after capital transfers & contributions	(27 976)	-	(27 976)	-	(27 976)	12 714	-	40 690	(45) %	(45) %	-	-	-	38 516			
Taxation	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-			
Surplus/(Deficit) after taxation	(27 976)	-	(27 976)	-	(27 976)	12 714	-	40 690	(45) %	(45) %	-	-	-	38 516			
Attributable to minorities	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-			
Surplus/(Deficit) attributable to municipality	(27 976)	-	(27 976)	-	(27 976)	12 714	-	40 690	(45) %	(45) %	-	-	-	38 516			
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-			
Surplus/(Deficit) for the year	(27 976)	-	(27 976)	-	(27 976)	12 714	-	40 690	(45) %	(45) %	-	-	-	38 516			

Dhlabeng Local Municipality

Appendix G4

Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2014

2014/2013															2013/2012				
Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome					
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand					
Capital expenditure - Vote Multi-year expenditure																			
Public Works																			
Example 2 - Vote2	66 233	-	66 233	-	-	53 115	14 366	(13 118)	80 %	80 %	-	-	-	55 090					
Example 3 - Vote3	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 4 - Vote4	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 5 - Vote5	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 6 - Vote6	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 7 - Vote7	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 8 - Vote8	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 9 - Vote9	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 10 - Vote10	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 11 - Vote11	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 12 - Vote12	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 13 - Vote13	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 14 - Vote14	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 15 - Vote15	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Capital multi-year expenditure sub-total	66 233	-	66 233	-	-	53 115	14 366	(13 118)	80 %	80 %	-	-	-	55 090					
Single-year expenditure																			
Example 1 - Vote1	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 2 - Vote2	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 3 - Vote3	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 4 - Vote4	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 5 - Vote5	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 6 - Vote6	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 7 - Vote7	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 8 - Vote8	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 9 - Vote9	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 10 - Vote10	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 11 - Vote11	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 12 - Vote12	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 13 - Vote13	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 14 - Vote14	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Example 15 - Vote15	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-					
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	55 090					
Total Capital Expenditure - Vote	66 233	-	66 233	-	-	53 115	14 366	(13 118)	80 %	80 %	-	-	-	110 180					

Dihlabeng Local Municipality

Appendix G4

Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2014

2014/2013

2013/2012

Original Budget	Budget Adjustments (l.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (l.o. s31 of the MFMA)	Virement (l.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard														
Governance and administration	5 835	-	-	-	5 835	4 679	-	(1 156)	80 %	80 %	-	-	-	-
Executive and council	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Corporate services	5 835	-	-	-	5 835	4 679	-	(1 156)	80 %	80 %	-	-	-	-
Community and public safety	11 710	-	-	-	11 710	9 391	5 428	(2 319)	80 %	80 %	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Sport and recreation	11 710	-	-	-	11 710	9 391	5 428	(2 319)	80 %	80 %	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	16 393	-	-	-	16 393	13 146	207	(3 247)	80 %	80 %	-	-	-	-
Planning and development:	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Road transport	16 393	-	-	-	16 393	13 146	207	(3 247)	80 %	80 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	32 295	-	-	-	32 295	25 899	8 731	(6 396)	80 %	80 %	-	-	-	-
Electricity	4 500	-	-	-	4 500	3 609	2 731	(891)	80 %	80 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	27 795	-	-	-	27 795	22 290	-	(5 505)	80 %	80 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Standard	66 233	-	-	-	66 233	53 115	14 366	(13 118)	80 %	80 %	19 201	19 201	-	55 090
Funded by:														
National Government	51 733	-	-	-	51 733	53 115	-	1 382	103 %	103 %	-	-	-	73 454
Provincial Government	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Transfers recognised - capital	51 733	-	-	-	51 733	53 115	-	1 382	103 %	103 %	-	-	-	73 454
Public contributions & donations	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Borrowing	14 500	-	-	-	14 500	-	-	(14 500)	-	-	-	-	-	(18 363)
Internally generated funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding	66 233	-	-	-	66 233	53 115	-	(13 118)	80 %	80 %	-	-	-	55 091

Dihlabeng Local Municipality
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2014

2014/2013													2013	
Original Budget	Budget Adjustments (i.i.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome						
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand						
Cash flow from operating activities														
Receipts														
Ratepayers and other	275 783 238	-	275 783 238	275 783 238	267 144	(275 516 094)	- %	- %	242 912					
Government - operating	131 667	-	131 667	131 667	-	-	100 %	100 %	194 125					
Government - capital	75 733	-	75 733	75 733	104 476	28 743	138 %	138 %	-					
Interest	-	-	-	-	-	-	Div/0 %	Div/0 %	9					
Dividends	-	-	-	-	-	-	Div/0 %	Div/0 %	-					
Payments														
Suppliers and employees	(312 526)	-	(312 526)	(312 526)	(400 023)	(87 497)	128 %	128 %	(273 376)					
Finance charges	(4 734)	-	(4 734)	(4 734)	(10 780)	(6 046)	228 %	228 %	(4 734)					
Transfers and Grants	(75 733)	-	(75 733)	(75 733)	-	75 733	- %	- %	-					
Not cash flow from/used operating activities	275 597 645	-	275 597 645	275 597 645	92 484	(275 505 161)	- %	- %	158 934					
Cash flow from investing activities														
Receipts														
Proceeds on disposal of PPE	-	-	-	-	-	-	Div/0 %	Div/0 %	10 101					
Decrease (increase) in non-current debtors	-	-	-	-	-	-	Div/0 %	Div/0 %	-					
Decrease (increase) other non-current receivables	-	-	-	-	-	-	Div/0 %	Div/0 %	-					
Decrease (increase) in non-current investments	-	-	-	-	-	-	Div/0 %	Div/0 %	-					
Payments														
Capital assets	(82 745)	-	(82 745)	(82 745)	(102 393)	(19 648)	124 %	124 %	(96 661)					
Net cash flow from/used investing activities	(82 745)	-	(82 745)	(82 745)	(102 393)	(19 648)	124 %	124 %	(86 560)					
Cash flow from financing activities														
Receipts														
Short term loans	-	-	-	-	-	-	Div/0 %	Div/0 %	-					
Borrowing long term/financing increase (decrease) in consumer deposits	-	-	-	-	-	-	Div/0 %	Div/0 %	-					
Payments														
Repayment of borrowing	(5 806)	-	(5 806)	(5 806)	4 120	9 926	(71)%	(71)%	(5 806)					
Net cash flow from/used financing activities	(5 806)	-	(5 806)	(5 806)	4 120	9 926	(71)%	(71)%	(5 806)					
Net increase/(decrease) in cash held	275 509 094	-	275 509 094	275 509 094	(5 789)	(275 514 883)	- %	- %	66 568					
Cash/cash equivalents at the year begin:														
Cash/cash equivalents at the year end:	275 509 094	-	275 509 094	275 509 094	(5 789)	(275 514 883)	- %	- %	-					